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Beginning in 2015, the Oregon Legislature made a series of deliberate policy choices to lower barriers to entry to the adult use cannabis market and encourage OMMP growers to apply for licensure.

Notwithstanding these policies, a significant number of OMMP growers chose to stay in the medical system either by choice or because their grow sites could not meet requirements to be licensed.

In 2017, the Legislature adopted a compromise provision in Senate Bill 2198 that allowed OMMP growers limited access to the adult use market. The provision allowed a qualifying OMMP grow site to transfer up to 20 pounds of usable marijuana annually to OLCC processors and wholesalers. Since the bill became effective approximately 100 pounds has been transferred under this provision and only 10 OMMP producers have participated.

SB 382 proposes to further expand the transfer provision to allow OMMP growers to transfer unlimited amounts of usable marijuana into the OLCC market place. The Oregon Cannabis Association opposes this bill for the following reasons:

- The OLCC recently published a study which found that recreational market is oversupplied by a factor of approximately 50%. The current disequilibrium between supply and demand demonstrates the success of policies designed to attract growers to the adult use market. It also presents some unique challenges for the state going forward. This session the legislature will consider several solutions that have been proposed to address this challenge. However, given the current imbalance between supply and demand, expanding supply is not a prudent choice.
- OLCC producers pay \$5000 annually for their license, are subject to local opt-out provisions and time place and manner regulations, must comply with local land use regulations and must install costly security and video monitoring systems. OMMP growers are not subject to any of these regulatory requirements and their associated costs. As a matter of fairness, all participants in the adult use market should bear similar regulatory burdens.
- The original transfer provisions adopted in 2017 were designed to allow OMMP growers to supplement their incomes while primarily caring for patients. By removing the 20 pound limit, the current bill changes this model completely. It allows OMMP grows to be purely commercial operations without having to comply with the same regulations that apply to their competitors. It does nothing to protect patients. In fact, it encourages OMMP growers to grow for the adult use market rather than medical patients.
- This committee is also considering a SB 218, a bill that propose to impose a moratorium on new OLCC producer licenses. Taken together, these bills would halt new licensed entrants to the market while simultaneously expanding the ability of unlicensed entrants to sell into the market. Given the current market environment, this could lead growers to chose to grow under OMMP rather than OLCC. This could lead to significant challenges for the agencies which administer the respective programs. Additionally, it encourages growers to move from a highly regulated system designed to ensure public safety and comply with federal guidance to a system that is much less regulated.

Thank you.

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