

Chair Riley & Members of The Committee,

For the record my name is Jeannette Ward Horton, I am the Executive Director of a nonprofit organization called NuLeaf Project. NuLeaf Project helps build diversity in the Oregon cannabis industry.

I want to respond to SB-218, which authorizes the OLCC to refuse to issue cannabis production licenses – what I call a cap on licenses. Cannabis sales in Oregon grew 29% from 2017 to 2018, and the State's own report projects the market to reach \$1B by 2025. As the market grows, the number of providers who serve the market stays fixed, consequently driving the value of a provider license up.

And here's what we know about that. When the start-up cost to launch a business is high, people of color and women are much less likely to be the owners of those businesses. And the start-up cost to launch a cannabis business is already high thanks to hefty regulation. An unintended consequence of SB-218 is Oregon can count on a cannabis industry that is whiter and more male tomorrow if you cap licenses without creating a pathway for people of color, especially African Americans, who historically and currently have the least access to financial resources.

The group at the bottom of the family household income scale in Oregon are African Americans. This is the group with the least access to the capital required to achieve ownership in the cannabis industry. And you can tie a direct line from the war on drugs to the reason why African Americans don't have access to capital. Arrest and incarceration have eroded the wealth of black households en masse.

If this is the solution adopted, please add a social equity component that provides a path for both license acquisition and license support (capital and technical resources) for people of color. There is an opportunity here to create a better industry not just another industry. Let's face this unintended consequence head on and turn it into an Oregon success story.