

LUCKY LION

PORTLAND

February 28th, 2019

Senate Committee on Business and General Government,

I am a member of the Oregon Cannabis Association as well as a recreational producer located in Portland. I'm here this morning because I have a deep concern for Senate Bill 382 that is being proposed.

As a brief background, in 2015, the Oregon Legislature made a series of deliberate policy choices to lower barriers to entry to the recreational cannabis market and encourage OMMP, also known as medical growers, to apply for licensure. Despite these policies, a significant number of medical growers chose to stay in the medical system either by choice or because their grow sites could not meet the requirements to be licensed by the OLCC.

In 2017, the Legislature adopted a compromise provision in Senate Bill 2198 that allowed medical growers limited access to the recreational market. The provision allowed a qualifying medical grow site to transfer up to 20 pounds of usable marijuana annually to OLCC processors and wholesalers.

SB 382 proposes to further expand the transfer provision to allow medical growers to transfer an unlimited amount of usable marijuana into the recreational market place.

I oppose this bill for many reasons:

- First of all, The OLCC recently published a study which found that the state of Oregon is supplying twice as much recreational cannabis as the state is demanding. This session the legislature will consider several solutions that have been proposed to address this challenge. Allowing thousands of medical growers to potentially introduce product into the recreational market runs counter to the proposed solutions aiming to address the supply and demand crisis in Oregon.
- Secondly, the state of Oregon and the OLCC have worked extensively to provide a regulated recreational market with supervision and checks and balances.

Recreational producers must pay up to \$5,750 annually for their license, and are subject to local opt-out provisions. They also must comply with local land use regulations and must install costly security and video monitoring systems. Medical growers are not subject to any of these regulatory requirements or their associated costs. The OLCC has no oversight over medical growers and does not inspect or license their facilities. At best the current federal administration has an uncertain policy towards cannabis, so it is not in Oregon's best interests to become a state with more relaxed policies on growers allowed to participate in the recreational market.

- Additionally, the original transfer provisions adopted in 2017 were designed to allow medical 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 medical 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 medical growers to grow for the recreational market rather than for medical patients.
- This committee is also considering a SB 218, a bill that proposes 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 the OMMP rather than the OLCC. This could lead to significant challenges for the agencies which administer these 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 under the OMMP.

In my opinion, Senate Bill 382 is dangerous for the regulated cannabis market legislators have been working so hard on for the past few years, and dangerous for the State of Oregon.

I appreciate your consideration of this matter.

Stephen Horton