

Testimony before the House Committee on Economic Development - 2019

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Good afternoon Chair Lively, members of the committee, for the record my name is Anthony Taylor Thank you, Mr. Chair, for inviting me back for the opportunity to provide for the committee some insight from a patient's perspective into the economic impact legalization has had on Oregon's Medical Program and its registrants.

(I am here today representing Compassionate Oregon, a non-profit organization advocating for medical cannabis patients that I co-founded and continue to serve on the board. I also serve at the pleasure of the Governor as the Vice-Chair of the Oregon Cannabis Commission. My comments today are those of Compassionate Oregon and not those of the Commission.)

I'm going to move quickly today and pick up from where I left off with this slide. *(I have added two new slides to my presentation, one comparing the annual costs of OMMP grower fees vs. annual OLCC licensing fees and, the second and using data from OHA and OLCC statistics and reports, illustrates the % of OMMP inventory as it relates to OLCC inventory license-wide if all OMMP designated grow site administrators if allowed unlimited access to the OLCC markets.)*

I expanded this slide to show the last 8 years of medical patient applications, from 2011 to present. As I said before, this graph, with the corresponding legislative benchmarks, is an important tool in understanding the OMMP market and how it came and went. *(I am going to move on, but happy to answer any questions on this after the hearing)*

Before I get started speaking to the topic Mr. Chair, I would like to make a very brief, comment on previous testimony concerning two things I feel should be revisited.

- Moving all medical growers under OLCC, and,
- The myth of "fairness" when discussing OMMP access to the OLCC markets.

To the first point,

If the state were to try moving the remaining 785 OMMP designated growers fully into the OLCC, it would virtually end the designated grower facet of the OMMP for this reason:

- The overwhelming majority of the OMMP growers cannot meet the water rights and land-use requirements to even apply for an OLCC license, this also will not change.

(As I just mentioned and as I testified before the Senate Business and Labor committee earlier this month, only 785 designated GSA's even exist anymore, and of those, only 18 have been able to take advantage of the pathway for transferring product into the OLCC. This is a population that needs protected not destroyed. (it remains to be seen how many of these GSA growers will survive)

To the second point: The myth of "fairness."

OLCC licensees, as you heard in previous testimony, often complain about how 'unfair' it is to existing licensees for OMMP to have access to "their" market because OMMP growers did not have the initial and ongoing costs of licensees. It is important to remember that OMMP growers **have** invested in infrastructure. They have built greenhouses, put up fences, tagged, segregated and reported transfers and, most have maintained their grow sites for many years more than the brief history of any OLCC producer that didn't come over from OHA.

(These growers as a general course also deliver to their patients and provide other medications and services than flower, most often at their own expense. They also often pick up the costs of clinic visits and card fees, an expense no licensed producer will do. As illustrated by the slide, it's about a wash. And, up to a point, perhaps the most overlooked aspect of growing for others.)

So, let me just state this clearly and for the record the most often overlooked aspect of this conversation:

Every designated OMMP grower, unlike OLCC producers, is required to provide as much cannabis as the patient needs even if it means providing everything they grew for that patient.

No licensee has this requirement and over the 20 years of this program, OMMP growers have given away hundreds of thousands, probably millions, of dollars of product to these patients.

So, when licensed producers raise the “fairness” argument, it rings very hollow for OMMP growers.

To the topic before the committee.

Today's economic outlook for OMMP is grim. OHA is scrambling to meet administrative costs for the program from fees patients can no longer afford and growers so burdened with regulation and their own fees, that they are dwindling faster than patients.

But this was all done by design.

In 2015, OMMP growers were already producing upwards of 750,000 pounds of flower a year and if that wasn't immediately and dramatically reduced it was going to be tough sledding for commercial growers just itching to start cashing in on the green rush.

To begin the process, with the ultimate goal to push all cultivation above 12 plants into the OLCC system, the Legislature reduced OMMP plant limits, required tracking and inspections and increased the cost of growing for others beyond what most could afford.

(In testimony by the OLCC and the OHA before this committee in January, showed how this takeover is already well under way. OHA dispensaries and processors are gone, and designated growers with three or more patients are required to report into METRC, the OLCC inventory tracking system. OLCC regulatory specialists are assuming OMMP grow site inspection duties starting July 1, of this year and even with all this, OMMP growers trying to support their compassionate care for patients, are prohibited from putting anything more than a meager 20 pounds per grow site, per year into the legal market.)

OHA medical-only dispensaries were initially allowed to sell limited amounts to consumers but when that ended so did OHA medical-only everything.

Revenues generated by the cannabis populations consistently exceed expectations, but these populations seldom receive any of the benefits and innovations this revenue should be providing. The state should not make the same mistake now that was made with the revenue generated from the OMMP patients and grower community.

(From 2011 through 2019 the OHA has been using revenue generated from patient and grower fees that exceeded the costs of administering the program to fund other non-cannabis related programs. I do not have the exact number, some place it at or above \$25M but for instance, the biennial revenue for the 2013-2015 biennium was \$9.5 M. This revenue alone would have kept the OCC recommended cannabis research center going for three years.)

So, what can we do if we are to have an economically successful medical program that stands equally alongside our recreational and hemp industries? As we move forward with industry, as we are trying to do by creating a path forward for exporting, as we are moving forward with hemp, most likely creating its own Commission, so must we take the same aggressive and innovate approach to cannabis as medicine.

We have universities and colleges across the state that should already be fully invested in research, formation of public policy around cannabis and developing a solid, coordinated path forward. We have industry ready to explode onto the national scene as soon as it is ready and hemp, my goodness, hemp.

This is where Oregon belongs, at the leading edge of all things cannabis.

Let me offer some suggestions

1. Fully fund cannabis programs, projects and innovations in Oregon through pre-allocation funding from tax revenue from retail sales immediately as the OCC report recommended.
2. Let the OCC complete its work, - restructuring the program to fit with legalization is going to take time and input from a lot of places, while at the same time we need to take steps to protect the existing program and its registrants, especially the designated growers, while this work is completed. Slide: timeline
3. Get OHP involved
The economic impact of the reduction in Medicare costs and opioid deaths in states with medical cannabis, should be reason enough for the state to continue to maintain this program.
4. Get licensees involved
OLCC has provide paths forward for producers, processors and retailers. It is past time they are required to meet certain patient access needs before they renew or are issued a new license
5. Put all cultivation under Department of Agriculture
Speaking from a project manager perspective, this is probably the single most productive thing the state could do to streamline both OHA and OLCC duties. AG already oversees hemp, tests for pesticides and will eventually become the reference lab for the state to oversee existing labs and product integrity.
6. Get out of METRC
METRC tracking, something Compassionate Oregon supported, is a failure across the board in its stated objective of preventing diversion. There is no proof it is stopping diversion and it is perhaps the biggest boondoggle since Health Care Oregon. The state continues spending millions of dollars on the program in staff to maintain infrastructure with additional costs for data analysis, recruiting and training enforcement and compliance personnel, and there is absolutely no protocol in place for producing product quality data, for instance and this is reflected in the latest OLCC report to the legislature wherein the report speaks to cannabis data briefly and only as it relates to overall monthly sales.

For OMMP, forcing the designated grower population to pay for a system that is of little use to them will continue to be a burden with little return and will force many more growers that grow for others.