



Testimony on HB 2098, A9 Amendments

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Chair Riley and Members of the Committee:

House Bill 2098 addresses several issues related to cannabis. My comments are specific to the proposed A9 amendments. Section 5 of these amendments would expand OLCC's authority to immediately suspend a recreational cannabis license. Typically, an agency must offer licensees an opportunity for a hearing before they suspend a license. There are existing statutory exemptions to this requirement. For example, the OLCC may immediately suspend a license if it has probable cause to believe that license has diverted marijuana items to the illegal market. The A9 amendments would expand this authority to allow immediate suspension if OLCC has probable cause to believe a person has an "unauthorized interest" in the license. As currently drafted, the amendments are vague and overly broad.

I've discussed these amendments with OLCC and I understand that the agency's objective is to prevent unlicensed individuals from taking over a licensed business. This is unquestionably a valid interest and the entire cannabis industry should support OLCC taking swift action in these cases. However, the current language would cover not only bad actors who take over businesses, but also legitimate investors who neglected to file the proper paper work. OLCC's rules on financial interests are very complex. Well-meaning licensees may fail to make required declarations because they simply don't understand the rules. In these cases, the license should not be subject to immediate suspension.

The amendments also expand OLCC's seizure authority. The proposed language would allow OLCC to seize marijuana items if they have probable cause to believe the licensee "has not taken appropriate measures to prevent unlawful diversion of marijuana items." This provision is unnecessary. OLCC's administrative rules describe the appropriate measures to prevent diversion in detail. These measures are documented in rules on security, camera coverage, transportation and more. OLCC has authority to seize marijuana when the agency has probable cause to believe that diversion has actually occurred. In cases where a licensee has been simply negligent in adhering to administrative rules, OLCC's existing penalty authority is sufficient.

Thank you for considering my testimony. I look forward to working with the agency to produce more narrowly tailored amendments that will adequately protect the state's interests and provide licensees the clarity they need to operate their businesses with confidence.

Respectfully,

/s/

Jesse Sweet

