



MEMORANDUM

Prepared for: Rep. Lively, Rep. Fahey, and Rep. Bonham,
House Committee on Economic Development
Date: May 8, 2019
By: Melissa Leoni, Analyst
Re: Marijuana Supply and Demand Proposals

LPRO: LEGISLATIVE POLICY AND RESEARCH OFFICE

For the May 8, 2019 informational meeting on recreational marijuana supply, you have asked me to begin compiling a list of the ideas or proposals to address Oregon's supply and demand imbalance. The following summarizes proposals included in introduced measures or amendments, or proposed in the Oregon Liquor Control Commission's 2019 Recreational Marijuana Supply and Demand Legislative Report.

SUMMARY

The following is a list of potential policy ideas by category to address the current supply and demand imbalance situation in Oregon related to recreational marijuana:

1. No action:
 - a. Status quo licensing structure and allow market self-correction
2. Production license actions:
 - a. Establish a license cap or moratorium on licenses
 - b. Authority to refuse to issue new marijuana production licenses based on market supply and demand or other relevant factors.
 - c. Reduce the size of licensed grow canopies
 - d. Restrict production licenses to producers who have contracts for their product with marijuana processor or retailer for the marijuana product
 - e. Reduce the size of licensed grow canopies for producers that cannot demonstrate sufficient market for their production
 - f. Raise license fees
3. Export:
 - a. Allow interstate exports or enter into agreements with neighboring legalized states on coordination and enforcement of licensed-marijuana businesses and allow transportation and delivery of marijuana across state lines by producers, wholesalers, and researchers
4. Taxation:
 - a. Implement a marijuana production tax
5. Other:
 - a. Allow increased potency in edibles similar to Washington and California (100 milligrams per package, not to exceed 10 mg per serving)
 - b. Allow consumption and sale of marijuana items at temporary events, cannabis lounges, and production/processor tours

OLCC MARIJUANA SUPPLY AND DEMAND REPORT

The 2019 Recreational Marijuana Supply and Demand Legislative Report Policy from the Oregon Liquor Control Commission (OLCC) identifies policy options to reduce oversupply, including supply self-correction toward equilibrium, reducing licensed grow canopies, raising license fees, establishing a license cap, or establishing a license moratorium. OLCC has authority related to licensed canopy areas (decreasing maximum tier sizes and modifying the ratio between outdoor and indoor canopies), but can only modify the aggregate canopy size allowance for producer tiers as a whole.

2019 HOUSE AND SENATE MEASURES

House Bill 2098 – 1 Amendment and Senate Bill 218 – 1

Both amendments would have prohibited the Oregon Liquor Control Commission from issuing or renewing a marijuana producer license until the producer provides proof of contract with a licensed marijuana processor or retailer to transfer at least 90 percent of marijuana to be produced during the licensure period.

Senate Bill 218-B

Authorizes the Oregon Liquor Control Commission to refuse to issue initial marijuana production licenses based on the supply of and demand for marijuana. Requires Commission to adopt rules, including rules on public notice and whether to accept applications during periods when it is not issuing production licenses. Sunsets January 2, 2022. Declares emergency, effective on passage.

Senate Bill 582-A

Authorizes Governor to make agreements regarding coordination and enforcement of licensed marijuana-related businesses with other states. Allows transportation and delivery of marijuana across state lines by marijuana producers, wholesalers, and researchers as authorized by agreement. Requires agreements to include enforceable public health, safety, and labeling standards, a system to regulate and track marijuana items, and that items delivered to Oregon must be tested, packaged, and labeled in compliance with current state law. Provides that agreements may be made only after federal law allows interstate transfer of marijuana or United States Department of Justice issues opinion or memorandum, stating that it will allow or tolerate the interstate transfer of marijuana.

House Bill 2382

Allows certain counties to adopt ordinance to impose tax on medical and recreational marijuana production sites located in unincorporated areas of county.

House Bill 2233 and Senate Bill 639

Authorize the consumption and sale of marijuana items at temporary events and cannabis lounges as regulated by the Oregon Liquor Control Commission and permitted by local government. SB 639 also allows producer or processor to offer tours to the public.