

SB 218 A STAFF MEASURE SUMMARY
Senate Committee On Business and General Government

Carrier: Sen. Dembrow

Action Date: 04/02/19
Action: Do pass with amendments. (Printed A-Eng.)
Vote: 4-0-1-0
Yeas: 4 - Dembrow, Girod, Hass, Riley
Exc: 1 - Olsen
Fiscal: Has minimal fiscal impact
Revenue: Has minimal revenue impact
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Meeting Dates: 2/28, 4/2

WHAT THE MEASURE DOES:

Authorizes Oregon Liquor Control Commission (OLCC) to refuse to issue new marijuana production licenses based on market demand and other relevant factors. Authorizes OLCC to adopt rules regarding public notice and whether to accept applications while refusing to issue production licenses. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Current oversupply of 6.5 years worth of retail product and impact to licensed producers and retailers
- OLCC commitment to implementing the measure and potential methods to determine appropriate producer licensing levels
- Unique needs of medical marijuana patients, high volume of specialized product required to create medicine, and potential market value of exports
- Potential impact on individuals currently seeking a producer license
- Proposed amendments to create additional license requirements for existing producers

EFFECT OF AMENDMENT:

Clarifies that measure does not impact renewal of an existing license or issuance or reissuance of license necessitated by change of location or ownership.

BACKGROUND:

Oregonians voted to legalize the production, sale, and consumption of recreational marijuana in 2014. Retail sales began through approved medical marijuana dispensaries in October 2015 and the Oregon Liquor Control Commission (OLCC) began issuing recreational marijuana licenses in April 2016. The retail price per gram of recreational marijuana dropped from over \$14 in 2015 to less than \$7 by the end of 2017, mostly due to significant oversupply of product. Today, advertisements for \$3 a gram are common in retail stores throughout the state. Concern exists that the oversupply is harming the legal market and leaking into the black market.

Current statute specifies when OLCC may refuse to issue a production license to an applicant that meets specified standards. Grounds for denial do not include over-saturation of the retail market. Senate Bill 218-A allows OLCC to refuse to issue new production licenses based on market demand and other relevant factors as the commission determines necessary.