

SB 218 B STAFF MEASURE SUMMARY

Carrier: Sen. Dembrow

Senate Committee On Rules

Action Date: 04/22/19

Action: Do pass with amendments to the A-Eng bill. (Printed B-Eng.)

Vote: 4-1-0-0

Yeas: 4 - Boquist, Burdick, Dembrow, Roblan

Nays: 1 - Baertschiger Jr

Fiscal: Has minimal fiscal impact

Revenue: Has minimal revenue impact

Prepared By: Josh Nasbe, Counsel

Meeting Dates: 4/22

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:

- Overproduction
- Private investments
- Cole memorandum
- Sunset

EFFECT OF AMENDMENT:

Sunsets authority on January 2, 2022.

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 who meets specified standards. Grounds for denial do not include over-saturation of the retail market. Senate Bill 218 B allows OLCC to refuse to issue new production licenses based on market demand and other relevant factors as the commission determines necessary.