



Oregon

Kate Brown, Governor

Liquor Control Commission

9079 SE McLoughlin Blvd.

Portland, Oregon 97222-7355

503-872-5000

800-452-6522

www.oregon.gov/olcc

May 11, 2021

Honorable Kate Brown
Governor, State of Oregon
State Capitol
900 Court Street, Suite 254
Salem, OR 97301-4047

Governor Brown:

Our agency is offering our leadership, experience and know-how to address the consumer health, public safety, and taxation equity issues created by the void in the 2018 Federal Farm Bill. The Farm Bill did not contemplate intoxicating hemp products entering the general marketplace, yet the unintended consequences of the artificial federal distinction between hemp and marijuana jeopardize the safety of children, thwart consumer protections, and puts the economic integrity of the recreational marijuana market in peril. Our state's built-from-the-ground-up regulatory system can now serve an additional purpose – it will provide Oregon a roadmap for incorporating hemp, the other member of the cannabis family, into a reasonable regulatory environment.

Last month marked the five-year anniversary of the Oregon Liquor Control Commission issuing Oregon's first recreational marijuana licenses. In that short time we've built a regulated market that, with statutory, rule, and operational improvements, has outperformed expectations, significantly reduced the illegal market, and hasn't experienced the disruptions that have plagued cannabis markets in some states.

The OLCC has used the Cole Memorandum from the federal government to establish the framework for regulating cannabis in Oregon, ensuring public safety, establishing consumer product safety standards through final product testing, and modernizing regulations as the industry has matured. This legitimate cannabis market in Oregon continues to generate significant sales – more than \$3.5B in total sales as of April 2021, and contributes considerable tax revenue – so far more than \$452M to the state, and \$64M to counties and cities.

Oregon's recreational marijuana system contains safeguards to reduce the inversion and diversion of THC (Delta-9) produced in marijuana, its illegal distribution, and its sale to minors. In contrast THC from hemp – often converted from hemp derived CBD – provides none of those protections. Rather, hemp THC (both Delta-9 and Delta-8) is available for sale at the corner convenience store -- untested, untaxed

and with no potency limits. For example, because hemp has no milligram limit of THC, hemp edibles in the general market can be easily found and purchased with far more THC than a consumer could purchase from an OLCC marijuana retailer. This has resulted in unintended consequences that jeopardize Oregon's legal cannabis industries.

The same loose regulations under which Oregon's legitimate hemp farms operate have allowed criminal cartels to infiltrate southern Oregon with huge agribusiness size illegal hemp grow sites. Large scale enterprises are cloaking themselves in the vagaries of the Farm Bill, and the Oregon Department of Agriculture isn't in a position to weed out the bad actors taking advantage of the state's liberally regulated hemp program. That makes distinguishing legitimate from illegal growing activity even more difficult, and handcuffs Oregon law enforcers from taking action against criminals disrupting the economies, safety, and livability in rural Oregon communities.

In the absence of federal leadership Oregon needs to better control who grows hemp in our state, monitor what they produce, and establish final testing requirements for THC hemp products sold for human consumption. This can be done without harming the sale of hemp products actually defined by the Farm Bill. But Oregon must give ODA and law enforcement the tools to inspect registered hemp growers and eradicate illegal grows. This will send an aggressive message to cartels, stop the degradation of farmland wrought by illegal activity, and protect Oregon's farm communities.

By establishing final product testing for hemp derived consumables we can provide consumers the same confidence they've found in Oregon's recreational marijuana system and provide clear routes for their respective markets: THC products for adult-use sale, CBD and other non-THC products for sale to the general public.

The markets reward certainty and level playing fields. Ensuring that hemp and marijuana THC products are treated equally can be turned into Oregon's competitive advantage. We have an opportunity to assure that the reliability of Oregon produced hemp products matches the standards and reputation of Oregon produced marijuana products. And at the same time we can rid the state of the illegal interlopers who would destroy all that we have built.

House Bill 3000 reflects the cooperative efforts of multiple stakeholders. This is the next step, but an important one, to how we regulate cannabis. HB 3000 represents a gradual shift to a consistent, one plant approach and ultimately a more comprehensive cannabis public policy.

HB 3000 is the path to integrated regulation. It will immediately control, within our state, the sale to minors of intoxicating hemp derived from Delta-8 THC. It provides a future pathway to control cannabis oil processing and products to determine appropriate markets. It can level the economic playing field for cannabis product development and taxation. Most important, it establishes a Task Force that can oversee and recommend appropriate integrating regulation that will strengthen the economic contribution of cannabis into the future.

For the benefit of all Oregonians I ask that you support this legislation and work with us to ensure its passage.

Respectfully,



Paul Rosenbaum

Chair

Oregon Liquor Control Commission

cc: Senate President Peter Courtney,
Speaker Tina Kotek
Senate Democratic Leader, Rob Wagner,
Senate Republican Leader, Fred Girod
House Democratic Leader Barbara Smith Warner
House Republican Leader Christine Drazan