

# GROUNDWORKS

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Testimony of Groundworks industries

Ryan Brown, CEO

Chair Lively, members of the committee:

I am Ryan Brown, the CEO of Groundworks Industries. GW is a vertically integrated Oregon company with multiple retail outlets, a kitchen, a grow facility and a distribution license, all located in Oregon.

Groundworks joins its many allies in the industry in urging your adoption of the dash-1 amendment to HB 4016 and extend the proposed moratorium to all license types, except labs.

As we have grappled with Covid and much more during the past two years, it has become clear that Oregon has more than a production oversupply issue. We have excess capacity in every single license category. For retail, Oregon cannabis stores make less in per store revenue than any other legal location in the nation. Our cost per gram is low when compared to other states. And so are the prices we charge our customers.

Allowing for a new influx of perhaps hundreds of new stores would exacerbate an already difficult situation, causing many companies, big and small to face the threat of closure. The value of a license would plummet, and many people who have invested their life savings and years of work could very well be forced out of the industry with no way to recover the costs of their investments.

So we join with many others is asking that this moratorium on licenses be extended another two years.

At the same time, we also support provisions in the bill that will allow for licenses that are surrendered to be placed in a pool where they can be accessed by potential licenses who meet some specific requirements as determined by rule.

We do not seek to close up the industry and its growth potential permanently, but only to pause our growth as we seek to accommodate the changes and challenges we have faced in these past two years.

Legal licensed operators in this state have worked incredibly hard to build a new industry that is sensitive to the issues facing this formerly illegal product. Now, as we stand teetering on the edge of an oversaturated market and threats from illegal operations, we urge you to recognize our hard work and help us sustain through these incredibly challenging times.

Please support HB 4016 with the dash 1 amendment.