

Submitter: Michael Busher

On Behalf Of:

Committee: Senate Committee On Finance and Revenue

Measure: SB1506

Thank you for committee for allowing me to speak today on measure sb 1506 . I am here to speak to you on behalf of the legal growers in Oregon, The measure sb 1506 is simply to raise more money for Oregon.

It was stated that raising the taxes will not affect the sales in Ontario, Ontario as explained most of it sales come from out of state. but effect rest of the market places.

Now I agree that out of sates buyers should pay more!!

The consumer will look towards the cheapest price which comes from the black market.

The difference of wash and Oregon is the only state that does not have limited producers. Thus these 2 states support higher pricing to the producers due to less production..

The producers in Oregon are struggling now, our prices are 20 to 50% less than wash and CA do to over production. if the market pushes back another 7% or any portion of it to the producers prices

There will be a extensive Closures of the legal growers in Oregon. .

Expect those who are diverting product to the black market;

Most are just breaking even at today's pricing level at best. The producers cannot stand another 7% hit in prices or any portion of it.

We could see lost jobs and lost business and investments of many small business owners.

Some Producers will turn to the black market to keep afloat their operations. It already being done. This will only expand the practice.

If the consumer turn to the cheaper black-market supply, there will be less tax revenue coming into the state long term. Just the opposite of what this bill is intended to accomplish;

This raise in taxes will slowly spiral the legal market into economic turmoil, ruin many small business owners, and will only serve to strengthen the black market and bring in less tax revenues

There is an Alternative to raising taxes:

The current legal market of cannabis in Oregon as cited by The Oregon Liquor and Cannabis Commission, which oversees the state's \$1.2 billion legal cannabis industry, estimates the number of illicit operations is double that. This volume is being sold without any tax revenues into our markets;

Now if that illegal market volume can be diverted to legal supply lines, taxed at the producers' level for income, wages taxed and product taxed at the retail on sales. The tax base would increase 4-fold or more without raising the current tax rate. What in my opinion should be done will take some hard work to do short term but in the long run will stabilize the market, for the entire supply chain bring in higher tax revenues for the future without raising the tax.

Only way to do this is shut down the illegal grows thus forcing this demand to use legal sources of products.

Black market producers hurt our economy in many ways

Steal precious water supply

Do not pay taxes on profits or wages

Create unsafe products, most use banned pesticides such as eagle 20

Build unsafe facilities and have unsafe work conditions.

Pay subpar wages to these workers. Which in turn put economic pressure on state resources to help support them and their families

What the I believe what the state needs to do is as follows:

Shut down illegal grows now, aggressively!! Take a No tolerance attitude.

Invest in the enforcement resources will be needed to do this:

Prosecute the people running these operations. Take their wealth, make the cost of doing this so punitive it's not worth the risk.

This can in itself can pay for the enforcement action cost:

Oregon is an over producer of product, which contributes to the product going to the black markets, by putting a 5-year moratorium on new producers lic or until the supply is in concert with the demand. This will help curb the excess product going to the black market and stabilize pricing for the legal producers

Weed out the legal producers who divert product to the black market at all levels.