

February 9, 2022

Steve Williams, Project Manager for CBD Ag, LLC

Testimony in opposition to SB1564

Chair Golden and members of the Natural Resources and Wildfire Recovery committee –

In 2018, CBD Ag, LLC began growing Industrial Hemp on a commercial scale (500 Acres) as an experiment to determine if it could be successfully grown and developed into a rotational crop for our irrigated farming operations. We primary rotate onions, grass seed, corn and potatoes and were looking for another viable crop.

The experiment was successful in proving that we can produce industrial hemp on a commercial scale to raise product for extraction of multiple cannabinoids, primarily CBD.

Since 2018, we, and related entities, have invested approximately \$10,000,000 in farming infrastructure including planting and harvesting equipment, a large dryer operation, and equipment to separate and pelletize the biomass. In addition, approximately \$20,000,000 has been invested during 2020 and 2021 in an extraction facility in Hermiston to convert the cannabinoids to distillates and isolates for distribution on the wholesale markets. The extraction facility is now reaching a level of production to cover the cost of operations with more than 40 employees working on a full-time schedule. We are currently operating on a 24 hours/ 4 day per week schedule with plans to increase to 7 days per week when employees can be recruited and trained. Even though the market price of the product has dropped significantly over the past four years, it is still adequate to provide an adequate ROI when there is adequate biomass available.

The industrial hemp biomass produced by CBD Ag, LLC is a requirement for the extraction facility to be successful. The moratorium as proposed in SB 1564 will significantly impact the ability of CBD Ag to provide biomass to the extraction facility as the proposed bill, as amended, limits growers to having only two grow sites. With current definitions of a grow site as being on contiguous ground, our plans to grow 730 acres in 2022 would need to be reduced by more than 60% to 275 acres.

We are planning to raise industrial hemp on a large organic farm located in Morrow County. Due to crop rotations available on the farm, we are not allowed to grow the crop in contiguous fields which would require that we have nine different grow sites established, even though all of the fields are located within the boundaries of the same farm.

Alan Cleaver, the owner, has been farming in the Columbia Basin area since 1975. He is an honest, hard-working farmer that is trying to create a legitimate business in the industrial hemp industry. Operations are fully open for inspection and we follow all testing and licensing requirement of the Department of Ag and the USDA.

Please recognize that there are legitimate businesses involved with industrial hemp. Don't penalize the good, honest people by placing a moratorium on production. We encourage you to **not pass** SB 1564 and that you find another way to control those people that are not following the established rules.

Please, vote NO on SB 1564.

Sincerely,

Steve Williams

Project Manager for CBD Ag, LLC and other companies owned by Alan Cleaver

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