

Submitter: Derek Deems

On Behalf Of:

Committee: House Committee On Economic Development and Small Business

Measure: HB2505

To Whom It May Concern,

I am writing today to voice my alarm and opposition to HB 2505, an extreme measure which will further cripple an already struggling legal cannabis industry. As an owner operator of a small recreational marijuana farm in Southern Oregon, I have witnessed first-hand the volatility of the cannabis market in Oregon over the last few years and the high rate of failure and turnover throughout the industry. Large, small, or medium-sized, many businesses have downscaled, halted production, or even closed their doors permanently as the price of cannabis has plummeted on the legal market, a cycle which has been further exacerbated by failing businesses selling large quantities of product at a loss to try to recoup some of their costs. I can assure you that this proposed tax will lead to a further depression of market prices as retailers are forced to try to maintain profit margins.

The greatest risk associated with an absurdly high tax rate on the legal market is the inevitable flight of consumers back to the illicit market. If the price of buying an ounce in a dispensary is artificially inflated by excessively high taxation, consumers will seek out cheaper sources--which means feeding more money into the illegal farms that Oregon has worked so hard to suppress and eradicate. It also means more citizens of Oregon consuming untested, and therefore potentially more dangerous substances. The only path to eliminating the cannabis black market in Oregon is to have a thriving, healthy white market that is supplying consumer demand at a fair and competitive price. This proposed tax will kneecap the legal marijuana businesses in Oregon while providing the most benefit to those who grow and sell cannabis outside of the law. In short, if you want to help criminals and hurt legal business owners, vote for this bill.

Thank you for your time,

Derek Deems
CFO, Yollco LLC