

Submitter: Diane Downey

On Behalf Of: Rebel Spirit

Committee: House Committee On Economic Development and Small Business

Measure: HB2505

Dear Committee Members,

I am Diane Downey, CEO of Rebel Spirit, a small cannabis farm and wholesale company near Junction City.

We have put our life savings into our business and are fighting not to lose it all.

Please do not implement HB 2505. It's bad for small business, for consumers, for society, for the government, and for the environment in Oregon.

Oregon has a struggling cannabis industry. Given that we cannot legally export our products across state lines, the oversupply of product and the resulting downward pressure on prices makes it difficult for farmers to sell cannabis for more than it costs us to grow it.

Economic and industry circumstances have pushed Oregon's small cannabis businesses to the brink.

An increased sales tax will force wholesale prices down further. As dispensaries seek a way to shield consumers from bearing the brunt of the tax, the result will be that the farmers will pay. Dispensaries are suffering; farmers like us are already suffering the most.

Our company's revenues are down from a high of \$375,000 per month in 2021 to a low of \$65,000 in December 2022.

Since January 2022, we have laid off 50% of our workforce (from 46 FTE down to 23 at present). Those 23 laid off workers had lives and families. In addition, we have been forced to cut the hours of our remaining workers who have made proportional unemployment claims through Oregon Unemployment's Workshare program. They are suffering, and we're worried that they'll be forced to leave us to find full time employment elsewhere.

Oregon's cannabis industry is currently experiencing unprecedented hardships due to industry-wide drops in revenue, ironically, a result of inflation and other economic pressures that consumers face. Just given increases in food prices, consumers have been forced to cut their discretionary spending, which means cutting cannabis from their budgets. And while the cost of all of farmers' inputs have gone up with inflation, cannabis prices are plummeting, so we're getting hit on both sides.

Increased sales taxes will hurt consumers and cannabis businesses. Higher sales taxes will depress sales even more, resulting in less tax revenue for the State than if the tax hadn't been increased in the first place.

Higher taxes will also encourage the black market as legal farmers go bust and legal prices eventually skyrocket for consumers.

Black market growers use pesticides, illegal labor, and stolen water. They create economic, environmental, and humanitarian havoc. AND the black market creates NO tax revenue for the State.

Look at California. Because of their high taxes, they have NEVER been able to defeat their black market. Oregon's lower taxes have helped us to subdue our black market significantly. Most black market cannabis grown in Oregon is shipped out of state, as Oregon consumers prefer to buy their product legally; our consumers know legal product has been grown and tested for safety, and it's affordable for them to buy legally in OLCC regulated dispensaries. Don't force Oregon consumers back to the black market.

And please don't kill our cannabis industry the way California lawmakers have killed theirs.

I understand that Ontario has had some policing problems because of Idahoans coming across the border. Let's find money for Ontario another way.

Thank you for reading. Please please please don't take HB 2505 any further.

Sincerely,

Diane L. Downey
cell: 541.228.8388
www.rebelspiritcannabis.com