



Written Testimony of Beau Whitney House Judiciary Committee – HB 4139

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February 4, 2026

Summary

- Whitney Economics is taking a rare position on pending legislation, HB 4139.
- We oppose the portion of the omnibus bill that addresses hemp regulation, alignment to federal policies and the regulation of hemp by the OLCC.
- The economic damages to the industry (grain, fiber and cannabinoid) are too great to justify the tradeoff related to public safety.
- Cannabinoid hemp represents less than 20% of the total hemp market opportunity, but is 100% of the focus by the Oregon legislature. A more balanced approach to hemp policy is necessary to generate positive economic opportunities for Oregon farmers, manufacturers and businesses.
- Given our position as a leading economic research firm, cannabis and hemp data provider and an authority on the economics of cannabis and hemp, Whitney Economics is requesting to be added to the interim working group to provide data and unbiased analysis for the policy team.
- Current federal regulation related to the passage of federal definition changes, container limits, intermediary products and seeds will not be fully enacted until November 2026 and negotiations are ongoing to extend or modified the terms related to this enactment.
- Once federal laws are changed; by aligning state law to a dynamic existing federal law, Oregon may enact laws that will no longer valid or be aligned with federal policy, reduced policy flexibility all of which cannot be changed until the next legislative session. This will cause economic harm to individuals and businesses.
- Inputs from pro-marijuana groups such as ATTACH and CIAO, have an economic incentive to recommend anti-hemp policies and should be viewed with skepticism, especially since a board member of CIAO actively campaigns along with ATTACH to enact anti-hemp legislation nationally.
- Hemp operators affected by this state legislation will be submitting WARN notifications to both state and federal offices related to proposed layoffs. This will document the employment impact.
- With roughly 5,000 – 7,500 individuals related to hemp in Oregon, the proposed layoffs will effectively eliminate all job growth experienced in Oregon in 2025 across the state. These layoffs will most likely take place prior to the November election.
- This bill is creating so much uncertainty in Oregon that it is impacting viable hemp fiber opportunities related to pulp and paper. Every Day Hemp Company is attempting to contract fiber farmers in eastern Oregon to supply \$300 million of fiber each year to be used in the paper industry, however the level of uncertainty related to Oregon hemp policy is putting this project at risk as farmers perceive too much risk.

Background

The U.S. congress implemented a series of changes related to hemp federal policy in an appropriations bill that re-opened the U.S. government in November.

The legislation makes four major changes:

- It changes the definition of hemp to 0.3% total THC. A much tighter standard than the 0.3% delta-9 THC by dry weight standard.
 - This is a standard that most farmers will not be able to meet.
 - This introduces too much risk to farmers to such an extent, that U.S. and Oregon farmers will not plant hemp, even for grains or fiber.
- It limits the amount of THC per container to 0.4mg per container
 - This limit will impact existing GRAS products such as seeds and meals already sold in grocery stores. For example, a 2-lb bag of hempseed hearts has 1.8 mg THC, a gallon of hempseed oil has 38 mg THC, a 50-lb bag of FDA-approved hempseed meal has 45 mg THC
 - This per container limit also impacts THC beverages market, a market estimated to be \$67.6 million
 - This per container limit also impacts non-psychoactive products such as full spectrum CBD
- It sets the THC limit of intermediary products to 0.3% THC
 - Intermediary products, such as extracted oils generally have 4x – 5x the amount of THC that was present in the flower or biomass inputs. So intermediary products that are used to produce CBD or THC consumer products will be illegal.
- Seeds are also impacted
 - Oregon is one of the largest hemp seed supply states in the country.
 - Seeds have previously been designated as hemp, however this new provision makes seeds illegal if they produce plants above the 0.3% total THC threshold.

The federal changes will have a severe impact on the hemp industry in all sectors, not just cannabinoids

The impact of this legislation has the potential to displace over 325,000 workers in the U.S. (Between 5,000 and 7,500 in Oregon), reduce business revenues by \$28.4b - \$35.0b and reduce state sales tax revenues by \$1.5b. Not only will states see reduced business and tax revenues but will also increase expenditures for health care and unemployment insurance.

Negotiations are under way to reform these laws as the impact was not understood by congressional legislators.

Federal negotiations using data and analysis provided in part by Whitney Economics, are currently underway to, at a minimum, extend the period in which these laws will begin to be enacted. Additional changes are expected as it related to container limits and intermediary products. The federal hemp landscape is very dynamic right now.

Oregon is attempting to align their laws to the federal laws. This is a policy mistake at this time.

Many states have reacted to the passage of the federal limits by immediately proposing legislation to align state laws with the new federal laws. Given how dynamic these laws are at the federal level, this appears to be a mistake. As Oregon attempts to align state and federal policies, Oregon has the potential to do irreparable harm



to hemp businesses in the state. Once laws are enacted in Oregon, they cannot be changed until the next legislative session. Assuming the very likely scenario occurs and federal laws are changed; Oregon will again be misaligned to federal policy and will be so for the entirety of 2026. Oregon would be better off, implementing minor reforms, such as testing, labeling, age gating and postponing the hemp registry, while the federal policy settles later this year.

Hemp Registry should be postponed until federal policy is clarified

Hemp registration policies generally have been a failure in other states. The regulators tend not to be staffed sufficiently to process the applications. In an analysis of the state hemp registration program in Virginia, the program resulted in business failures and an increase in unemployment. Other businesses simply moved out of the state, taking their tax revenues and jobs with them. These policies had little impact on public safety.

Forcing hemp operators to pay to register their products when the products could be federally illegal in November seems punitive.

The OLCC does not appear to be sufficiently staffed to support the over 30,000 hemp product registrations that will be required under the law. This would be an average of 100 per day. At a minimum, the hemp registration program should be postponed until after federal reform is clarified later this year. Otherwise, it is possible that operators will go to considerable expense to be able to sell products from June to November, only for them to become illegal.

Hemp operators preparing to submit layoff notifications under the WARN program.

When businesses are considering a layoff, they notify both state and federal authorities on the timing and number of workers being laid off. This helps reporting agencies prepare for the labor displacement. This is common practice with larger businesses such as Intel and Nike, but also occurs with other smaller firms. Current state and federal policies are expected to displace between 7,500 – 10,000 hemp related workers in multiple sectors of the Oregon economy from agriculture, manufacturing and retail. If these layoffs are realized, the department of labor will be reporting on this labor displacement in their quarterly reports and these layoffs will occur prior to the election in November. This will effectively erase all of the job gains experienced in the state in 2025 (A gain of 2k jobs in 2025).

How did state and federal hemp policy get to this point?

Hemp policy has focused primarily around cannabinoids, despite the fact that this sector represents less than 20% of the U.S. market opportunity for hemp. Hemp cannabinoid producers have long requested to be regulated, just not banned. Simple regulation related to testing, labeling and age gating. However, states have been slow to implement these simple reforms that would have addressed many of the public safety issues raised by hemp opponents. As a result, marijuana advocates have for years attempted to undermine the credibility of the industry. Many legislators have bought in on this narrative.

Marijuana actively lobbying to ban hemp

There are concerted efforts at both the federal and state levels by marijuana advocacy groups to pass legislation to ban hemp products:



ATTACH: Despite having hemp in their name, a representative from ATTACH described his group in a legislative hearing in Pennsylvania as a marijuana group. ATTACH was instrumental in passing the federal legislation in November that is already damaging hemp businesses and impacting opportunities for economic growth.

Oregon marijuana group board members supporting national hemp bans: Board member of the largest Oregon marijuana organization stated publicly that he actively lobbied in D.C. with ATTACH on the hemp legislation and stated he was proud that Oregon has some of the strictest hemp laws in the country. Another emeritus member of the associations board stated in writing that they consolidated the trade groups in Oregon and are now all aligned against hemp. **Oregon marijuana groups have an economic incentive to advocate for anti-hemp policy** Oregon marijuana groups have long influenced cannabis policy in Oregon. Given their obvious bias, should Oregon marijuana groups have the level of influence on hemp policy as they currently do?

Oregon's hemp policy is increasing uncertainty, reducing opportunities for economic development.

The hemp policy is also increasing uncertainty of doing business in the state. When there are high levels of uncertainty, fewer farmers, operators, or investors want to take a risk in that market. This is occurring in Oregon.

Case Study: Every Day Hemp Company

Every Day Hemp Company (EDHC) is an Oregon based company that manufactures and distributes plant-based products. It has product lines related to bioplastics made from hemp fibers and herd as supports multiple industries from horticulture, transportation and food service. It is also attempting to implement a project in Oregon to help resurrect the pulp and paper industry, by supplying high quality fibers into mills in lieu of wood chips.

For several years EDHC, has attempted to recruit farmers and investors to grow and process fibers used in pulp and paper. This is a proven concept that EDHC has been involved in internationally. EDHC simply wants to bring this project to Oregon.

Economic Benefit to Oregon

By promoting the cultivation of hemp fibers in Oregon, farmers stand to receive up to \$300 million in revenue. Additional benefits up stream include increasing jobs lost from mill closures, providing opportunities to Native American tribes, and allowing the timber industry to slowly wind down their wood chip revenues. The only obstacle to this project has been the lack of support from the state of Oregon and its legislature.

Too much risk in Oregon

The level of uncertainty associated with hemp policy in Oregon is negatively impacting this project. Farmers will not grow because they are not supported and investors will not invest specifically in Oregon given the state's track record of being anti hemp. **EDHC needs this legislature's help to promote fiber.**

Hemp policy does not need to be this complicated. Sensible and practical policy must prevail.

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Back up data

Cannabinoid hemp represents less than 20% of the total U.S. hemp opportunities, yet is taking up 100% of the conversation in state legislatures. More support is needed for hemp fibers and grains. A more precise vision for hemp cannabinoids is necessary to avoid collateral damage to other sectors.

Estimated US Hemp Industry	U.S. TAM (USD\$ Bil)	Potential Hemp Share	Hemp Value
Automobile parts	\$ 199	20%	\$ 39.9
Textiles	\$ 467	5%	\$ 23.4
Concrete Blocks	\$ 655	10%	\$ 65.5
Protein	\$ 0	2%	\$ 0.0
Seed Oils	\$ 6	2%	\$ 0.1
Hulled Seeds	\$ 0.5	5%	\$ 0.02
Lithium Batteries	\$ 19	10%	\$ 1.9
Plastic Bags	\$ 5	2%	\$ 0.1
Plastic Cutlery	\$ 4	2%	\$ 0.08
CBD Supplements	\$ 15	33%	\$ 4.8
Skin Care	\$ 26	10%	\$ 2.6
Energy Drinks	\$ 24	10%	\$ 2.4
Animal Feed	\$ 92	5%	\$ 4.6
Total -->	\$ 1,513		\$ 145.4

Source: Multiple sector sources, compiled by Whitney Economics

The value of the Oregon hemp crops has declined 99% since 2019

Oregon	2019	2025	Difference
Acres Licensed	64,142	2,808	95.6%
Pounds per Acre	2,000	2,000	
Capacity (pounds)	128,284,000	5,616,000	
CBD % used in Valuation	10	10	
Price per pound @10%	\$42.90	\$3.00	
Value of Biomass Capacity	\$5,503,383,600	\$16,848,000	99.7%

Source: Oregon Department of Ag, Whitney Economics

Hemp acreage has been reduced 96% since 2019.

Hemp license and acreage data

Year	No. Growers	No. Grow Sites	No. Handlers	Vendor	No. Outdoor Acres	No. Indoor Acres	Total No. of Acres
2015	13	n/a	13	*	105	*	105
2016	83	n/a	66	*	1,200	*	1,200
2017	246	n/a	189	*	3,000	*	3,000
2018	584	n/a	212	*	11,514	38	11,552
2019	1,961	6,040	598	*	63,883	259	64,142
2020	1,811	2,119	595	*	28,492	250	28,742
2021	875	895	441	*	8,046	230	8,276
2022	294	290	334	*	3,071	41	3,112
2023	187	167	227	*	2,398	19	2,417
2024	188	183	215	177	1,786	13	1,799
2025	134	146	171	470	2,794	14	2,808
2026 (as of 1/14/26)	59	40	80	489	827	6	833

* - Acres were not counted separately for indoors and outdoors in these years. Vendor licenses did not start until July 1, 2024.

n/a - Licenses did not have grow sites in these years.

Source: Oregon Department of Agriculture

A national survey conducted on 01-Feb-26 shows the impact of uncertainty with Farmers for 2026 even is a federal extension is passed

