



TO: House Committee on Economic Development and Trade
FR: Molly Conroy, Oregon Cannabis Association
DA: February 26, 2018
RE: Economic Development and Cannabis

Chair Gomberg and members of the Committee:

My name is Molly Conroy, and I am here on behalf of the Oregon Cannabis Association. The Oregon Cannabis Association is Oregon's largest professional cannabis organization representing the cannabis business community at the local, state, and federal level. Our members include more than 300 cultivators, processors, edible makers, dispensaries, and allied businesses including laboratories, security and transportation companies, and providers of legal and financial services. As Oregon moves beyond prohibition, we continue to seek clear and sensible regulations that promote health and safety in our communities, excellence in our products and services, and compliance at every level of our industry.

As you may know, between January, 2016 and August, 2017, Oregon collected \$108.6 million in state and local taxes from the recreational cannabis industry. After the OLCC's start up costs and other regulatory costs were covered, the state paid out \$85 million to the school fund, mental health, alcoholism and drug services, the Oregon State Police, the Oregon Health Authority, and cities and counties for enforcement of Measure 91. There is a stark difference of the allocation of tax revenue for cannabis compared to cigarettes and alcohol, most notably the 40% that goes toward the Oregon school fund. A recent report from New Frontier Data estimates that by 2025, if all 50 states legalize cannabis for adult use, the tax revenue generated could be \$131.8 billion, while also adding 1.1 million jobs to the US economy. It is estimated that there are over 12,500 jobs touching the cannabis industry in Oregon, resulting in over \$315 million in wages, adding \$1.1 billion in economic activity in the state.

Oregon's tax revenue and job creation from the legal cannabis industry should not be overlooked. However, the cannabis industry is an industry in transition. It is still in the infancy stages of its lifespan and is attempting to find its groove. There is a massive amount of excess production in the state and prices have decreased substantially. The market needs to self correct before the industry can stabilize, which we believe will happen.

Although I am not here to advocate directly for social consumption of cannabis, Oregon's cannabis industry will lag behind and suffer without changes, and already is. With no social consumption or sampling and hyper-restrictive licensing for cannabis related events, Oregon is



missing the boat on an integral facet of propelling the cannabis industry forward and creating even more economic benefits locally and regionally. Other states have established means to regulate consumption, sampling, and events in order to safely promote the industry. The Oregon Cannabis Association believes that it is in Oregon's best interest not just to encourage already-existing cannabis businesses to succeed, but also to be attractive and competitive to new businesses interested in coming into the state.

In 2016, the City of Denver approved Initiative 300, allowing businesses to apply for a new license to allow for adult marijuana consumption in designated areas. The Cannabis Consumption Establishment license allows adults over 21 to safely consume cannabis in a designated area. The business cannot sell or distribute any product, therefore requiring consumers to bring their own. Initiative 300 also allowed for a Cannabis Consumption Special Event License, following the same rules as the establishment license. Similar to Oregon's law regarding locations for cannabis businesses, these new licenses must not be within 1,000 feet of a school or childcare facility or in purely residential zones. Normal cannabis licensed facilities cannot apply for these establishment licenses, and alcohol is not permitted to be served or consumed. Additionally, these establishment and event licenses must be compliant with the Colorado Indoor Clean Air Act and each license must have evidence of community support.

This past fall, Nevada's Legislative Counsel Bureau released a statement advising that there is currently no Nevada state law prohibiting local governments to allow for the permitting of cannabis consumption in businesses. Therefore, it is up to the local municipalities to decide whether consumption lounges are to be allowed. In Las Vegas, discussions are underway to allow cannabis consumption lounges, and there are already businesses ready to launch when approved to do so. California also allows local jurisdictions to decide whether to allow or prohibit on-site consumption at dispensaries and allows business to apply for a temporary special events license to consume and sell cannabis at events like county fairs.

Not only will these states enjoy the tax revenue from these cannabis consumption businesses, but they also give tourists a safe option to consume, rather than prohibiting public consumption and therefore potentially inadvertently encouraging tourists to bring legally purchased cannabis back to their home states.

None of these are perfect solutions and Oregon will have to find what is right for our state in regards to these aspects of the cannabis industry.

Thank you for allowing me the opportunity to speak on the very important topic of economic development and cannabis.