

# ★ **Preparing for Nationwide Cannabis Commerce**

**Securing a Path Forward for Oregon**

Oregon Industry Progress Association

Mike Getlin - Feb. 7, 2019

# The Oregon Industry Progress Association



- Oregon resident owners of active, compliant OLCC licensed businesses
- Guided by Oregon retail, production, processing and wholesale licensees
- Unique in our focus on “**nuts and bolts**” issues relating to running a legal cannabis business in the recreational market place

# A Little Context....

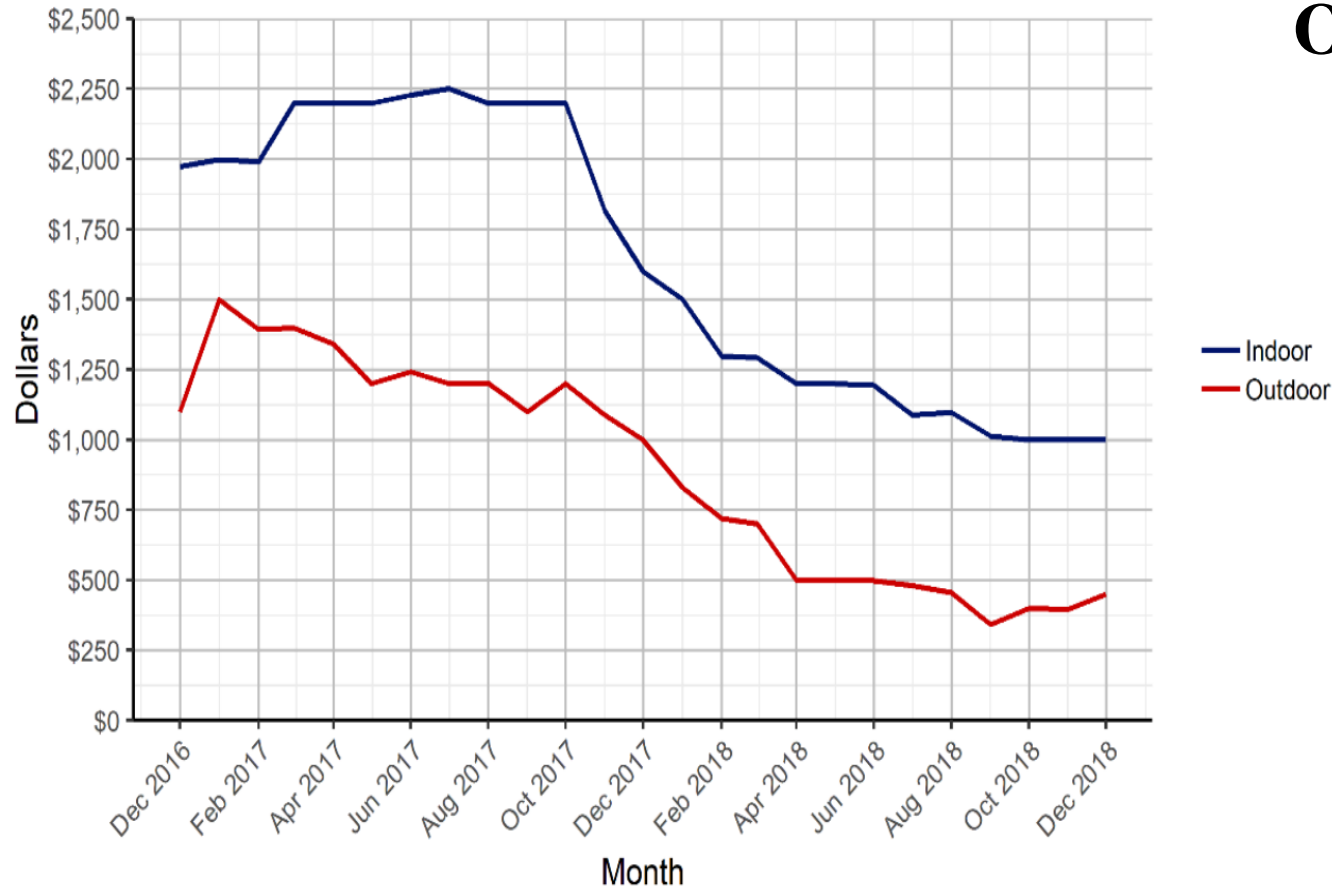


- **Oregon Foundation Is Unique**
  - Few entrance barriers
  - Large existing production infrastructure
- **This Led To**
  - An influx of investment capital and an outsized number of producers
  - Results = pressure on cannabis businesses

# State of the Market



Figure 8: Median Wholesale Price by Month and by Producer Type



## OLCC Report & Market Indicators:

- Producing twice what we consume
- Prices have fallen by 50%
- Hardship for Oregon legal, small businesses
- If all current applications were approved and licensed, supply would increase from current levels

# Export as a Solution?



- **Oregon Marijuana is a highly sought after commodity**
  - Wholesales elsewhere for much higher prices
  - Oregon cannabis as a recognized brand
- There is no easy way to decrease supply
- Exporting our cannabis would *turn oversupply from a liability to an asset*
- Legislature, OLCC, and OHA have done outstanding work – sound export policy is the keystone to capitalizing on those efforts

# Barriers to Export

## Federal Law

- Schedule One Status
- Guidance Memorandums
- Uncertainty of federal laws

## Logistical

- Legal states now each have their own, unique cannabis laws
- None currently allows for interstate commerce
- Compatible Regulatory Systems
- Oversupply in other legal states?

### Marijuana Legalization Status

-  Medical marijuana broadly legalized
-  Marijuana legalized for recreational use
-  No broad laws legalizing marijuana

# The Question at Hand...

## Interstate Compacts

- Authorize Governor's office to enter into agreements with other legal states
- Possibility of export prior to changes in federal law
- Could give OR a major head start in nationwide market
- Could increase risk of enforcement action or federal intervention

## Prep for Nationwide Market

- Conform Oregon law to federal law
- Ensure we don't fall behind in the race for market share
- State agencies prepare rules framework
- Does not necessarily give a head start
- Conservative approach – no increase risk of enforcement action or federal intervention

# What Fix is Critical?



- Export of cannabis products currently a crime regardless of changes to federal law (ORS 475b.227)
- State agencies need time and guidance to craft rules around export
  - This is a complex issue and will require careful planning and time
  - Responsible inventory management
  - Market analysis based approach to revenue
- Could cripple our cannabis industry if we are unable to compete in the national marketplace
- **Doing nothing to prepare for the national marketplace is the single, largest systemic risk to a uniquely Oregon industry**
- Needed changes do not need to be overtly aggressive or challenge the public safety status quo