

Submitter: Holly Hillyer

On Behalf Of:

Committee: House Committee On Economic Recovery and Prosperity

Measure: HB4016

We are a micro-tier producer that started in medical and are now operating in the recreational market. Over the last couple years, we've seen extreme consolidation, more vertical integration and monopolies forming that have a significant impact on price and quality. Prices have steadily dropped over the last 18 months and there are less places to sell, since retailers are stocking their own flower or buying cheap, bulk flower. This has squeezed out many of the craft cannabis producers and legacy growers who built the industry and have forced many to return to the black market in order to survive. Quality has also dropped, since many retailers are mainly stocking the bulk discounted flower and older flower from last year. Since there was such a glut in the market, not everyone was able to sell their outdoor crops and sold at a major discount after harvesting their newest crops this year (some as low as \$50-\$100/lb, which is at a loss for most growers). We've noticed that many of the retailer's we sold to 1-2 years ago are now owned by bigger corporations and our average deal size has dropped from 4-5lbs to .5lb orders. If more licenses are issued for producers, then we are likely to see a complete collapse. Producers will continue to leave for the black market or another state. Something that should also be considered is the lack of oversight on testing. We've seen widespread THC manipulation between farms and labs and unless there can be more staff and resources to ensure compliance, no more licenses should be issued.

My recommendation is to have a cap on licenses like other states have done to keep market conditions more stable and require new entrants to the market to only be allowed a license from purchasing an existing one from those that have helped build the industry.