

Chair Kropf and Honorable Members of the House Committee on Judiciary

I wrote this letter in opposition to HB4121 Sections 15-20, with special opposition to Section 20 at minimum.

As a concerned citizen and potential prospective licensee, I strongly oppose HB4121 Sections 15-20, the provisions regarding "Marijuana License Caps and Moratorium." Imposing license caps directly interferes with the principles of a free market economy. By artificially limiting the number of licenses available for marijuana businesses, the government is essentially picking winners and losers, stifling competition, and preventing new entrants from participating in the industry. This not only restricts consumer choice but also hampers innovation and economic growth. Instead of promoting a fair and open market, these restrictions create barriers to entry and consolidate power among a select few, ultimately harming consumers and entrepreneurs alike. We should encourage a competitive and dynamic marketplace in the marijuana industry, rather than hinder it with arbitrary restrictions and barriers to entry.

Furthermore, it's important to note that the testimonies in support of HB4121 Sections 15-20 predominantly come from existing license holders. They advocate for the ban on new competitors, essentially requesting the government to block new businesses from entering the market. This scenario is akin to a restaurant with subpar food advocating for a ban on new eateries, so they can continue serving mediocre dishes without the pressure of improving quality or innovating. Such protectionist measures not only stifle competition but also lead to complacency and a lack of incentive to improve products and services. We must prioritize consumer choice, quality, and innovation in the marijuana industry, rather than succumbing to

the demands of a few entrenched players seeking to maintain their market dominance at the expense of fair competition and consumer welfare.

HB4121 Sections 15-20 would also create an inflated resale market for licenses as we have already seen with the moratoriums. Current license holders stand to benefit greatly from this situation, as they could sell their licenses at exorbitant prices, potentially reaching 50 times their initial value. This artificially inflated market would further entrench existing players while shutting out new entrants. Moreover, the ability to produce subpar products without facing competition reinforces why these license holders are lobbying in support of HB4124. By eliminating competition, they can maintain their market position without the pressure to improve quality or innovate, ultimately to the detriment of consumers and the industry as a whole.

Moreover, it's essential to highlight the significant waste of time and money experienced by numerous individuals and businesses throughout the history of the recreational marijuana program. Initially, the Oregon Liquor Control Commission (OLCC) assured stakeholders that there would be no license caps. However, a moratorium was unexpectedly instated, with promises of its eventual end. Unfortunately, these assurances were not honored, as the moratorium was reinstated months after its supposed end date, retroactively affecting new applications. Now, with less than two months until the moratorium's sunset on March 31, 2024, there's yet another push for a last-minute moratorium extension. This recurring cycle of uncertainty and abrupt policy changes has cost countless individuals and businesses valuable time and resources, hindering their ability to plan and invest in compliance with the evolving regulations. Such unpredictability undermines trust in the regulatory

process and creates unnecessary obstacles for those seeking to participate in the industry.

At the bare minimum, Section 20 should be stricken from the bill. Instead of extending the current moratorium, the bill should adhere to its operative date of January 1st, 2025. This approach would ensure that individuals and businesses who have invested significant time and resources into securing property, leases, and business assets in anticipation of the moratorium sunset on March 31, 2024, can still submit their applications between that time and the operative date of the new bill. By maintaining this timeline, their efforts would not be squandered once again, and they would have a fair opportunity to pursue licensure without facing unnecessary delays or uncertainties, or being forced to pay a hyper-inflated price to one of the current license holders lobbying in support of this bill. This adjustment would provide much-needed stability and predictability for prospective licensees while upholding the integrity of the regulatory process.

On another related note, by imposing a license cap, Oregon is essentially shooting itself in the foot in terms of future revenue opportunities while simultaneously robbing prospective licensees of that opportunity as well. It's a well-known fact that federal legalization of marijuana and the opening up of interstate commerce for the industry are inevitable. However, Oregon's market share in this future landscape could be severely limited due to the implementation of a licensing cap. If prospective licensees were allowed to enter the market and build infrastructure for the future without artificial barriers, Oregon could position itself to capture a larger share of the national market once interstate commerce becomes a reality. By restricting the number of licenses available, Oregon risks losing out on potential revenue and economic growth

opportunities in the long term. It's crucial to consider the broader implications and future prospects of the marijuana industry when crafting regulatory policies, rather than focusing solely on short-term interests.

In summary, it is fundamentally unfair and wrong to interfere with a free market by having the government protect the interests of current players through measures like license caps and moratoriums. Such actions stifle competition, hinder innovation, and limit consumer choice. Moreover, they perpetuate inequality by favoring established players at the expense of aspiring entrepreneurs and the broader economy. The recurring cycle of uncertainty and broken promises only serves to undermine trust in the regulatory process and deter investment in the industry. It's imperative that policymakers prioritize fairness, transparency, and the principles of a free market when crafting regulations for the marijuana industry, rather than succumbing to the pressures of entrenched interests.

Thank you greatly for your time and consideration.