

OREGON LIQUOR & CANNABIS COMMISSION

PRESENTATION TO WAYS AND MEANS SUBCOMMITTEE ON
TRANSPORTATION AND ECONOMIC DEVELOPMENT

CRAIG PRINS, EXECUTIVE DIRECTOR
FEBRUARY 3-5, 2025



AGENCY OVERVIEW

OLCC Vision, Mission, & Values

Mission:

OLCC oversees access to alcohol and cannabis products in Oregon through education, regulation, and distilled spirits distribution. Our aim is to protect public health and safety while supporting responsible businesses and providing funding for local and state agencies.

Goals:

- Efficient, Modernized Operations & Outcomes
- Balanced Regulation, Compliance, Enforcement, and Education
- Positive Business Environment
- Equity and Inclusion



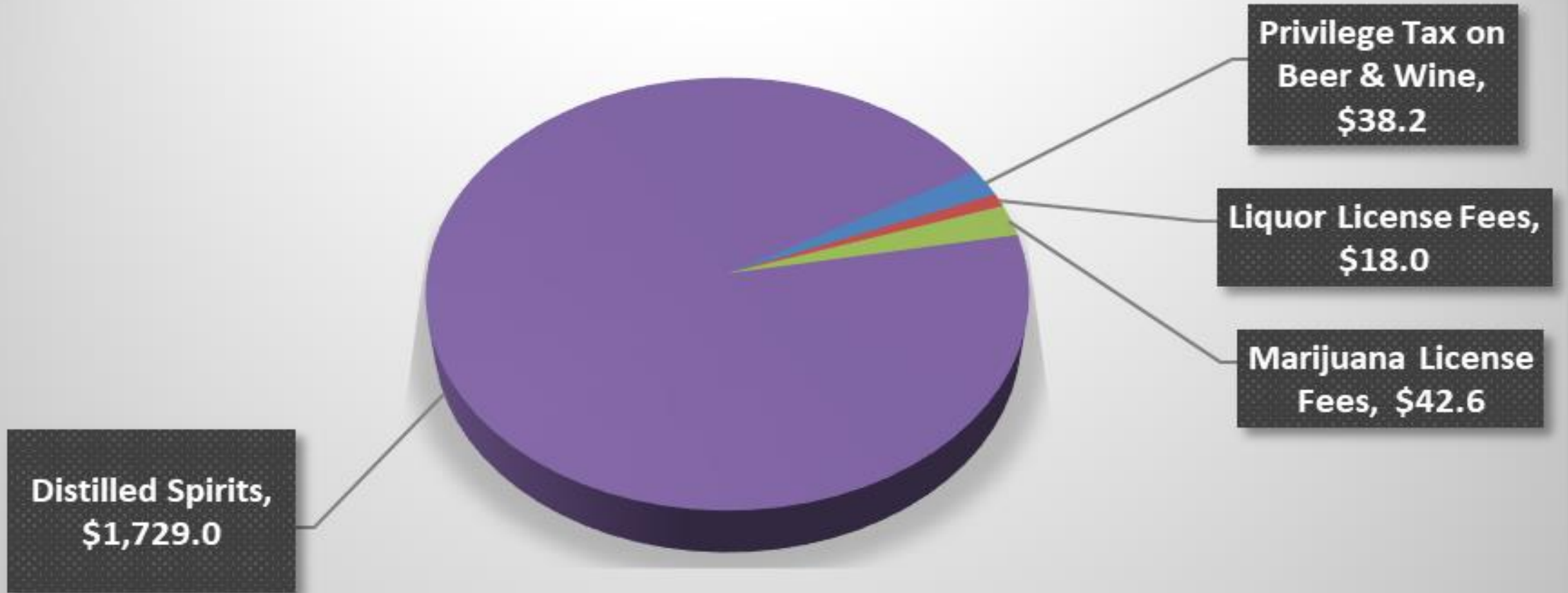
OVERVIEW

- **Third largest generator of public funds**
 - *2025-27 estimated \$533 million* in liquor revenue distributed to general fund, cities and counties
 - *2025-27 estimated \$309 million* in marijuana tax revenue to DOR that is distributed to drug treatment and recovery, schools, cities, counties, state police and mental health, alcoholism, and drug services (December 2024 Forecast OEA)
- **Core functions**
 - Centrally purchase, warehouse and distribute bottled distilled spirits to OLCC appointed retail agents
 - License and regulate alcohol licensees and alcohol server permits
 - Implement Bottle Bill and approve redemption centers
 - License and regulate marijuana licensees and marijuana worker permits
 - Track and inspect OHA medical grow sites who grow for three or more medical cardholders, OHA processors and dispensaries
 - Track transfers of hemp and hemp products processed and sold by OLCC licensees
- **Funding**
 - Alcohol Program is funded from distilled spirits markup, license fees and privilege tax; Recreational Marijuana Program is license fee funded; OHA tracking and inspections are marijuana tax funded through a transfer from OHA to OLCC.

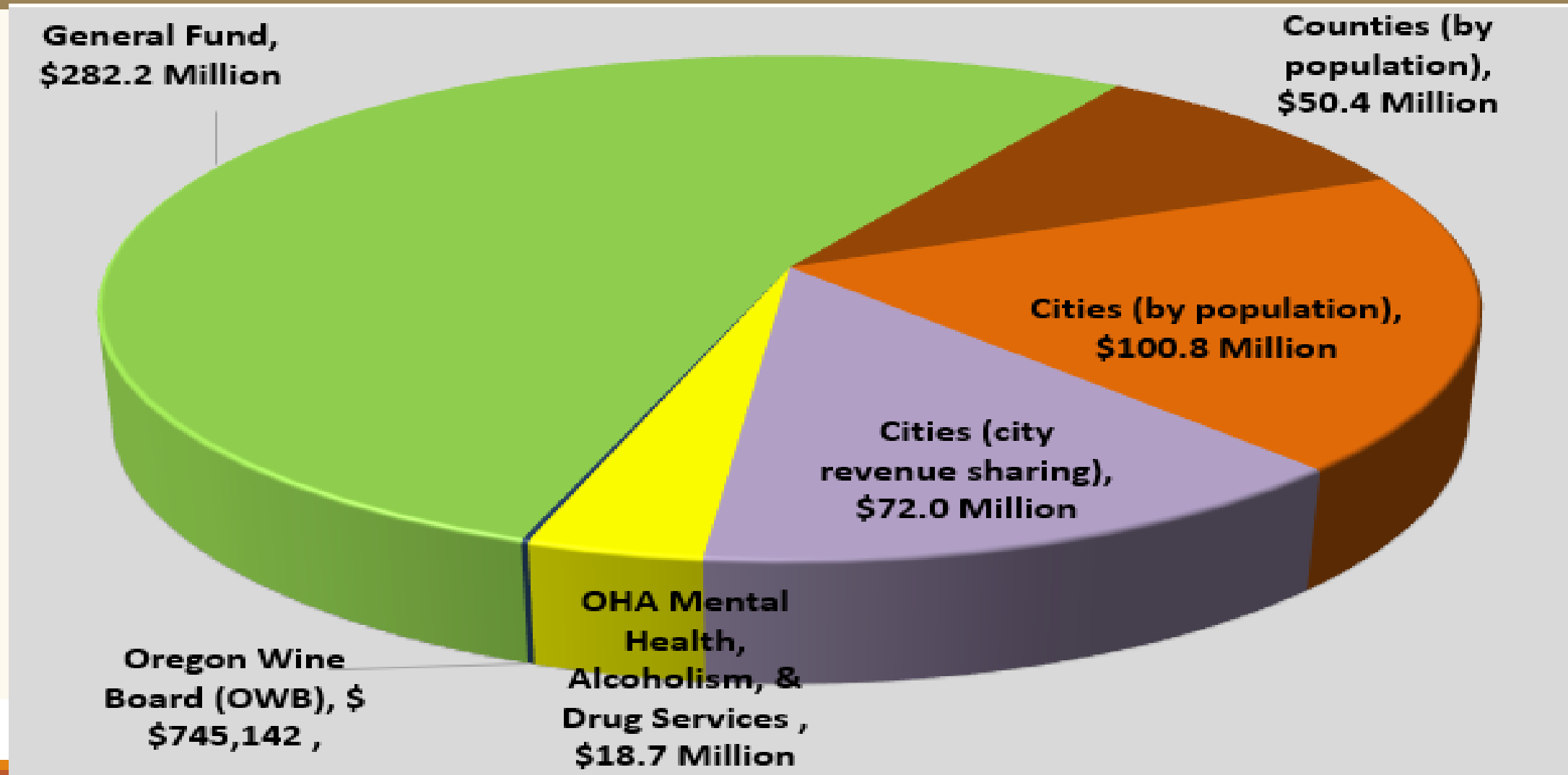
PROJECTED GROSS REVENUE SOURCES

2025-27 Governor's Budget (main revenue sources)

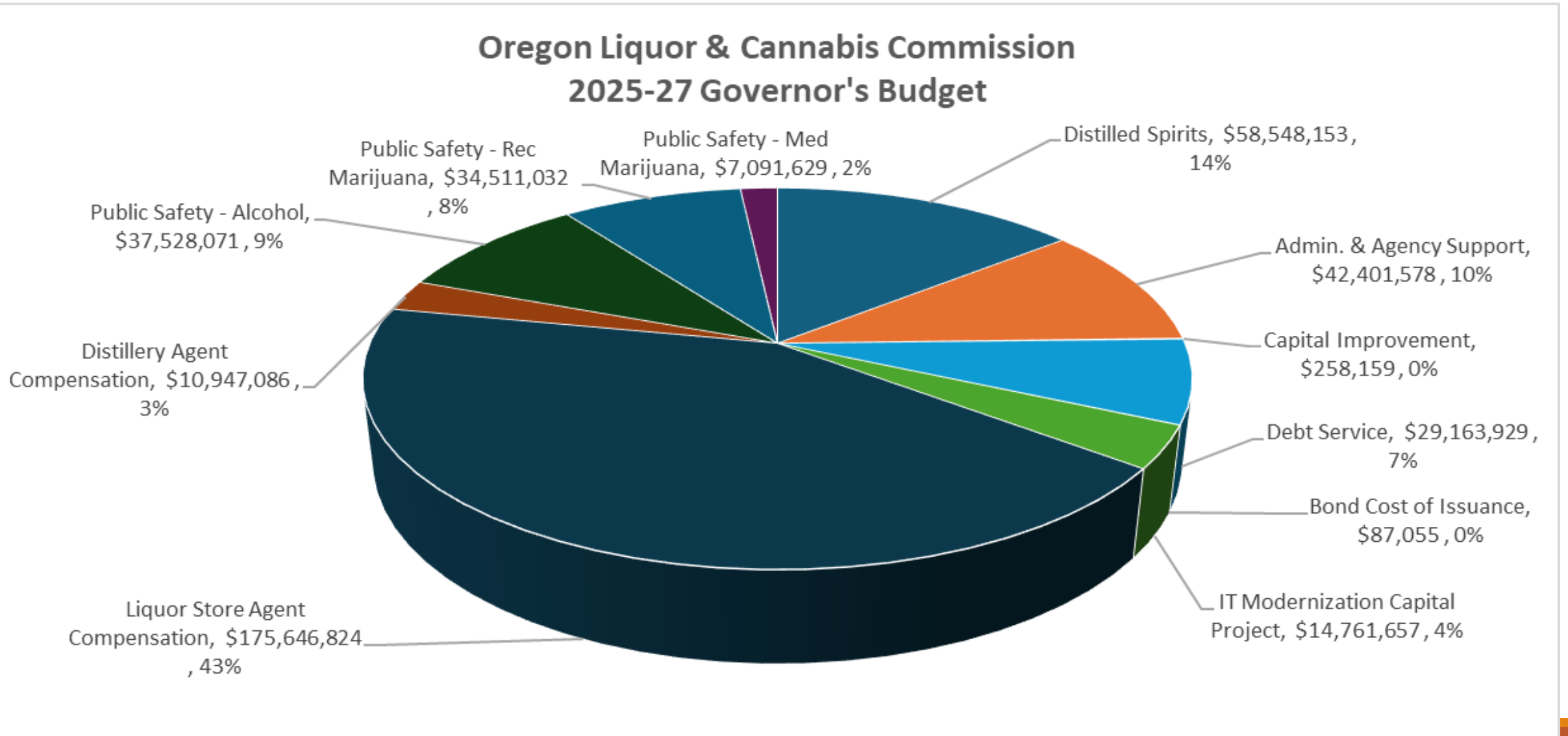
2025-27 Revenue Estimates (MM)



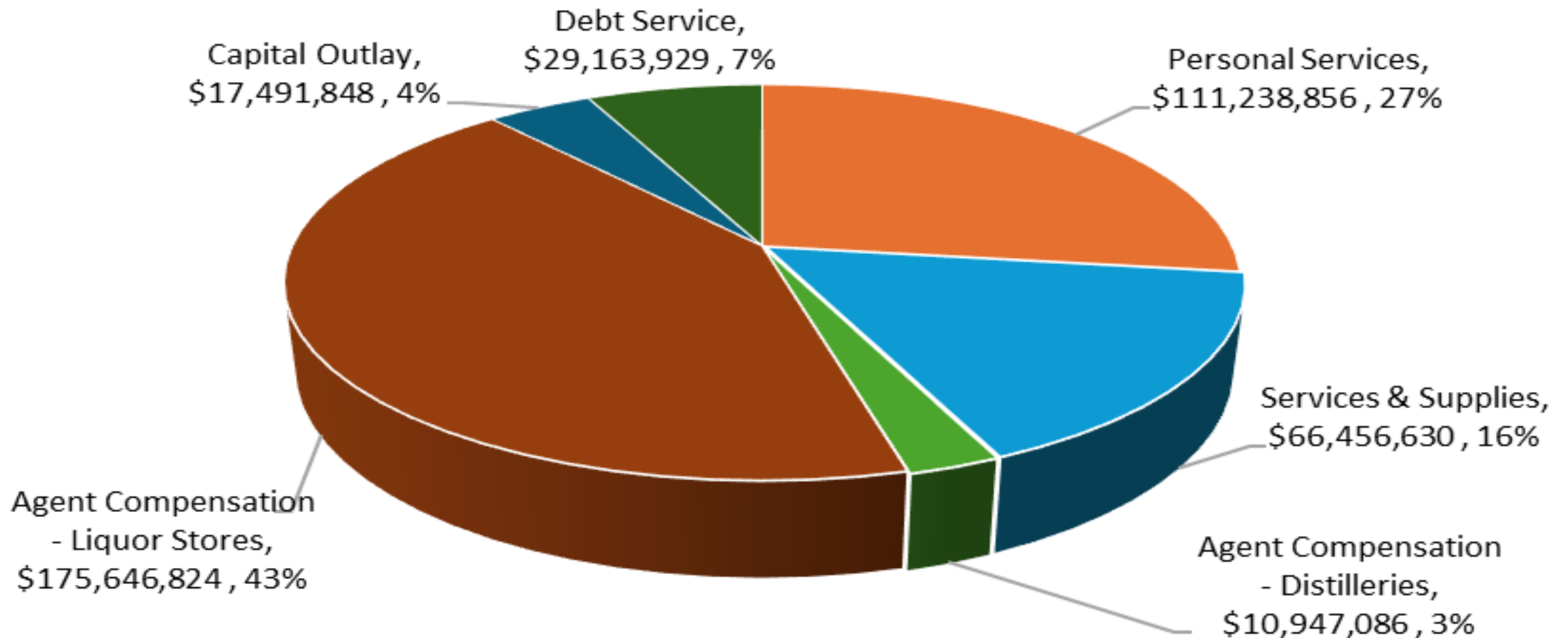
PROJECTED 2025-27 GOVERNOR'S BUDGET DISTRIBUTION: \$525 million (w/o surcharge)



2025-2027 Governor's Budget by Program: \$410,945,173 OF



2025-2027 Governor's Budget by Category: \$410,945,173 OF

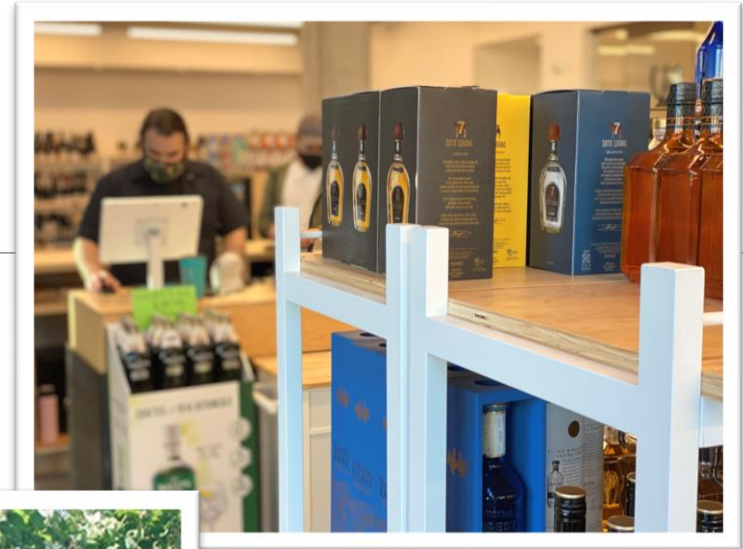


2025-27 GB POP SUMMARY: 100% OTHER FUNDS

POP #	Policy Option Package (POP) Summary	OF Total	Pos.	FTE
090's	Statewide DAS & AG Adjustments	\$ (491,083)	0	-
090/102/ 103	Reduce Agent Comp. Other Fund Limitation to true-up with current sales forecast	\$ (25,466,209)	0	-
101	IT Modernization Capital Project - Bonded	\$ 16,155,919	0	-
102	Warehouse & Office Build, Move, Modernize - Non Bonded	\$ 2,435,530	0	-
103	IT Modernization - Non Bonded	\$ 12,000,000	0	-
104	Marijuana Staffing & Agency Vehicles	\$ 1,598,868	2	2.00
105	Hemp Staffing - HB 4121 (2024 Session)	\$ 1,679,593	7	5.25
106	Agency Realignment & Cost Allocation	\$ -	0	-
	Other Funds (OF) TOTAL	\$ 7,912,618	9	7.25

OLCC PROGRAMS

- DISTILLED SPIRITS
- PUBLIC SAFETY
- SUPPORT SERVICES
- MARIJUANA
- OMMP TRACKING



OLCC AGENCY ORGANIZATIONAL CHART 2025-27 GB (393 Pos. 388.75 FTE)



EMERGING ISSUES

Agency Projects: Build, Move, Modernize, and Roll (BMMR)

- New Warehouse & Material Handling/Conveyor System
- IT Modernization (Cannabis Alcohol Management Program & Distilled Spirits Supply Chain)
- Move current agency Headquarters to Portland State Office Building (PSOB) owned by DAS

Recreational Marijuana Fees

- OLCC is currently evaluating a potential need to increase fees in 2025-27 in relation to POP 106, updated cost allocation (this analysis is expected to be complete by March 2025)

Marijuana

- Anticipating and coordinating a changing enforcement landscape (local, state, federal, OLCC, OHA, DOR, ODA)
- Ballot Measure 119 – Implementation (effective date 12/05/2024)

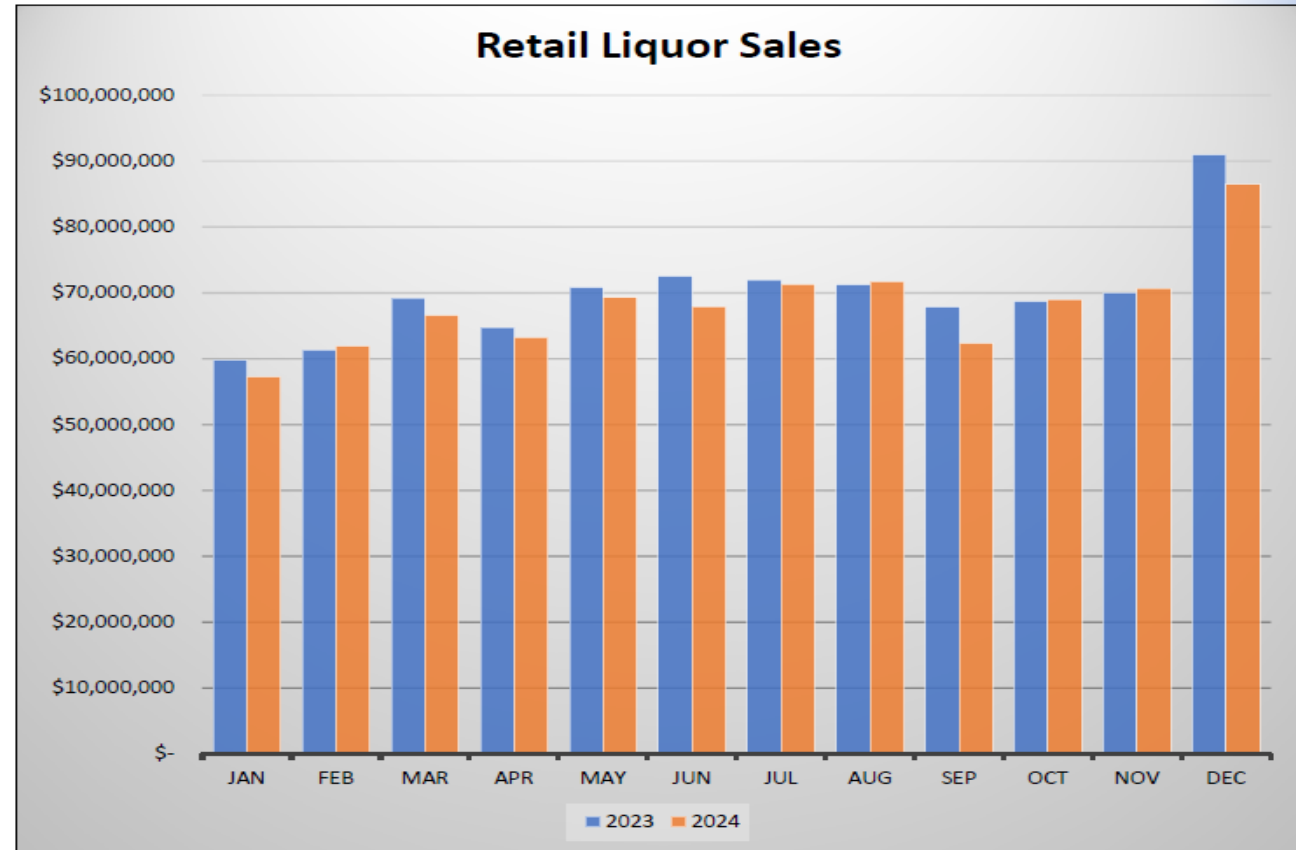
Alcohol

- Alcohol sales are relatively stable, but not increasing
- Home delivery minor decoy operations

Oregon Liquor Sales (In dollars), January 2023 – December 2024

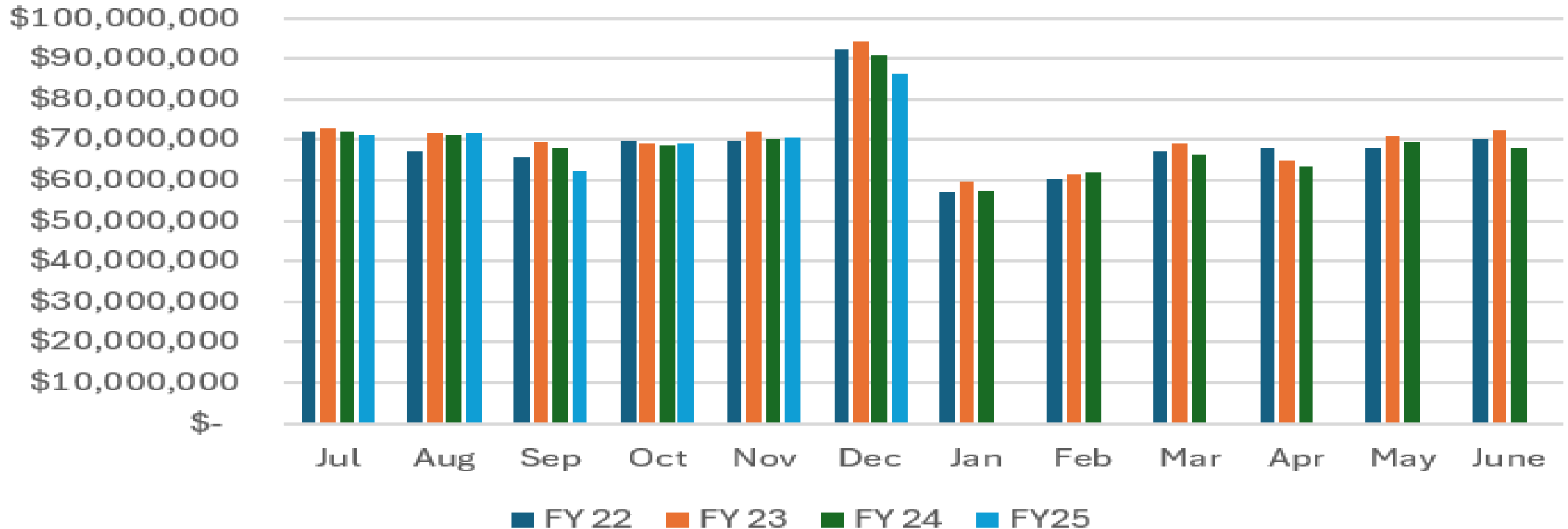
Retail Sales

Month	2023	2024	var	%
Jan	\$ 59,763,009	\$ 57,231,736	\$ (2,531,273)	-4.24%
Feb	\$ 61,323,151	\$ 61,920,838	\$ 597,688	0.97%
Mar	\$ 69,201,821	\$ 66,536,816	\$ (2,665,005)	-3.85%
Apr	\$ 64,725,141	\$ 63,226,439	\$ (1,498,702)	-2.32%
May	\$ 70,823,542	\$ 69,300,049	\$ (1,523,493)	-2.15%
Jun	\$ 72,504,980	\$ 67,919,763	\$ (4,585,216)	-6.32%
Jul	\$ 71,963,330	\$ 71,276,688	\$ (686,642)	-0.95%
Aug	\$ 71,208,595	\$ 71,719,338	\$ 510,743	0.72%
Sep	\$ 67,842,577	\$ 62,344,259	\$ (5,498,317)	-8.10%
Oct	\$ 68,654,858	\$ 69,009,075	\$ 354,217	0.52%
Nov	\$ 70,014,955	\$ 70,712,250	\$ 697,296	1.00%
Dec	\$ 90,957,829	\$ 86,437,765	\$ (4,520,064)	-4.97%
	\$838,983,786	\$ 817,635,017	\$ (21,348,769)	-2.54%

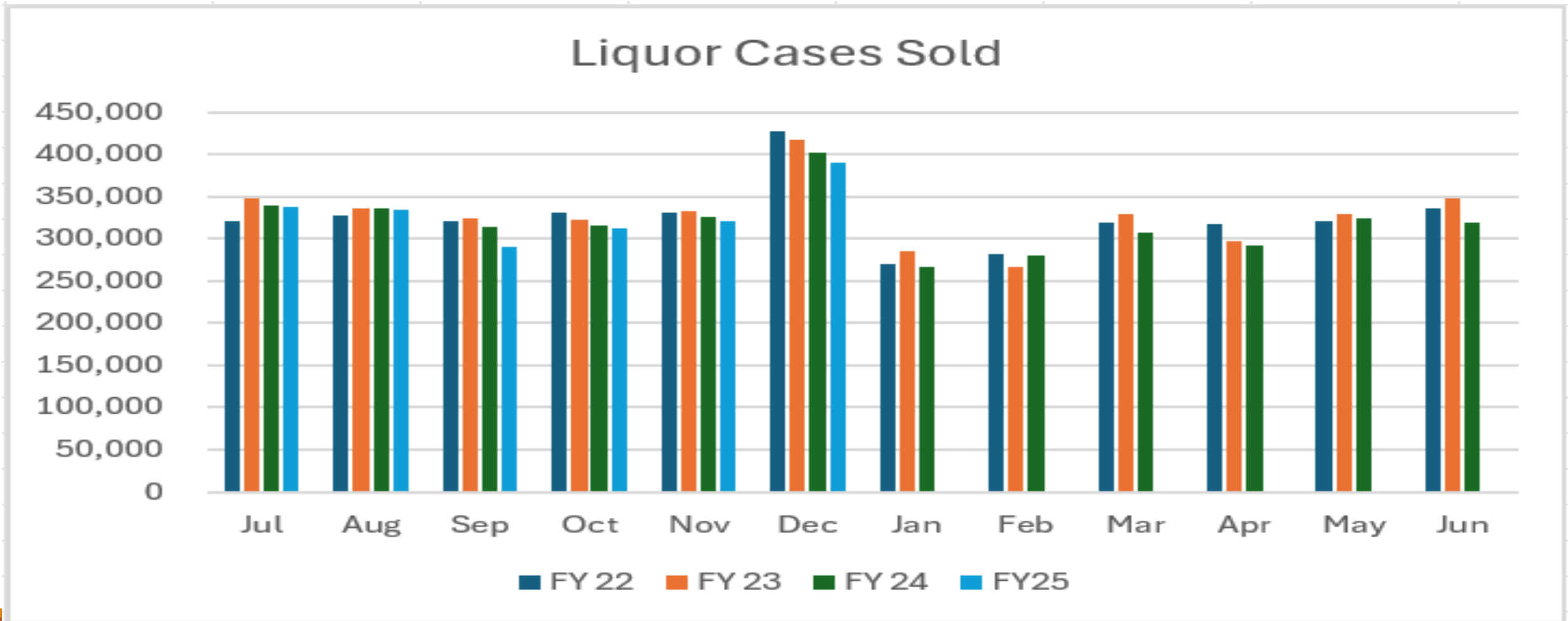


Oregon Liquor Sales (in dollars), July 2021 – December 2024

Liquor Sales (\$)



Oregon Liquor Sales (in cases), July 2021 – December 2024



ENVIRONMENTAL FACTORS

- **Build, Move, Modernize, & Roll (BMMR): Warehouse Expansion and IT Modernization**
 - *New* initiation of warehouse construction in Canby, Oregon to meet expected increase in spirits demand over the next 30 years; move to new warehouse in 2025-27
 - *New* move existing Milwaukie HQ to the DAS owned Portland State Office Building (PSOB in Portland); planning to sell existing warehouse and HQ in late 2025-27
 - *New* modernization of enterprise systems to manage the distilled spirits supply chain
 - *New* implementation of the combined marijuana and liquor licensing and compliance systems
- **Hemp Regulation, HB 4121 (2024)**
- **Ballot Measure 119, effective 12/05/2024**
- **Marijuana Moratorium**

Modernization: OLCC's New Liquor Distribution Warehouse

Canby, Oregon

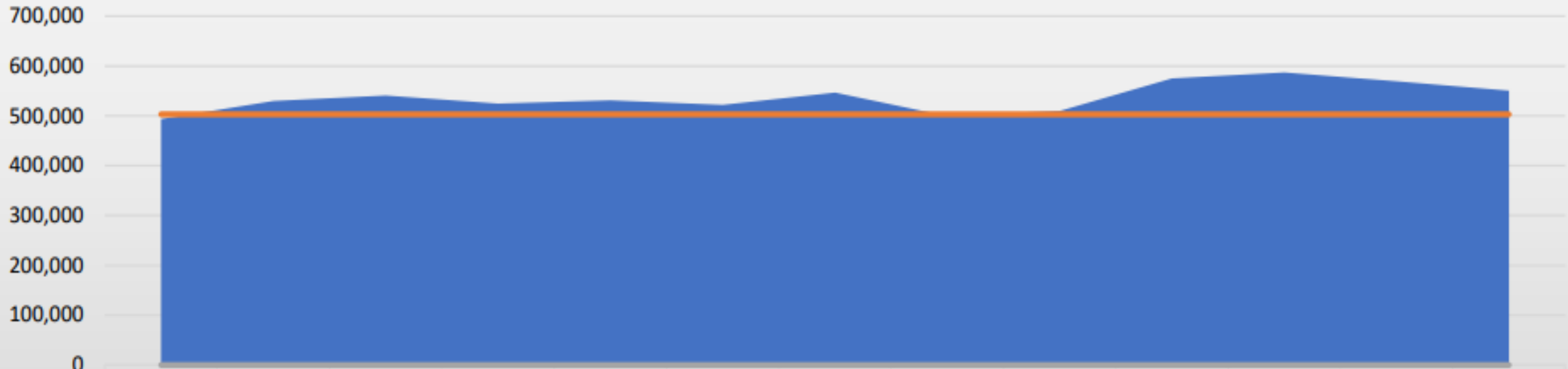
Opening in late summer/early fall 2026

By investing in a modernized warehouse, we are not only improving our operational capabilities but also positioning ourselves to better serve our customers. The enhanced capacity, advanced technology, and strategic location are all designed to ensure timely and reliable distribution, meeting the needs of the state and consumers effectively.



Why do we need a new warehouse? Capacity is a problem

Warehouse Capacity - In Cases



	Dec '23	Jan '24	Feb '24	Mar '24	Apr '24	May '24	Jun '24	Jul '24	Aug '24	Sep '24	Oct '24	Nov '24	Dec '24
Series1	493,359	529,417	540,475	524,679	531,227	521,821	546,408	499,417	509,810	574,840	586,957	569,185	550,259
Series2	502,984	502,984	502,984	502,984	502,984	502,984	502,984	502,984	502,984	502,984	502,984	502,984	502,984
Series3	98.09%	105.26%	107.45%	104.31%	105.62%	103.75%	108.63%	99.29%	101.36%	114.29%	116.69%	113.16%	109.40%

Series1 Series2 Series3

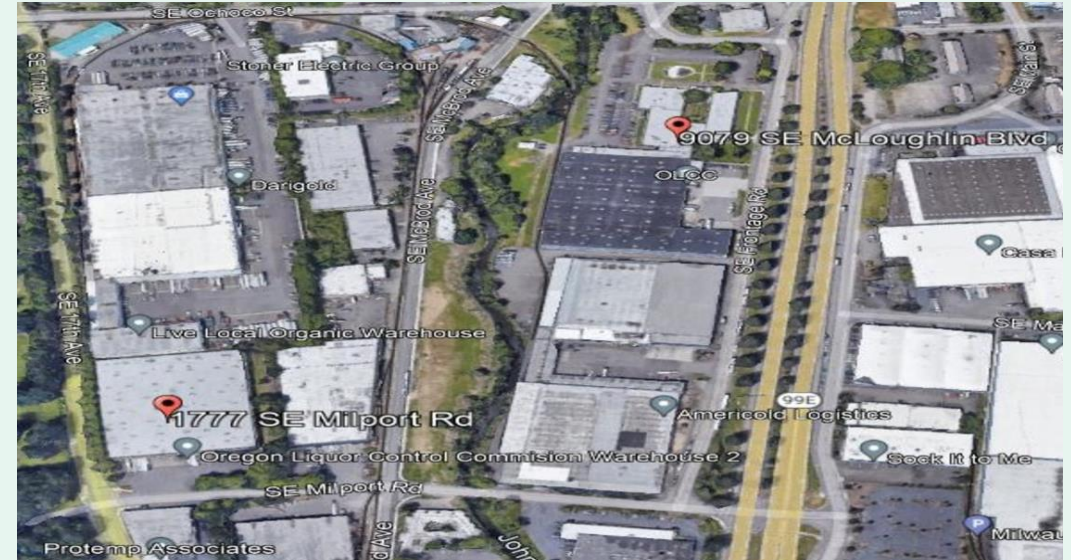
New Warehouse Construction Update

Warehouse & Material Handling/Conveyor Projects

- Construction will begin during the last six months of the current 2023-25 biennium
- Warehouse completion is scheduled for Late Summer/Early Fall of 2026

Existing HQ/Warehouse & Milport Warehouse – Property Sale Estimates (as of Dec. 2022)

HQ/Warehouse estimated value:	\$19 M
Milport Warehouse estimated value:	\$10 M
Estimated sale commission costs (2-4%):	<u>\$(1)M</u>
Net Estimated Sale Proceeds:	<u>\$28 M*</u>



*Other sale concessions could impact the estimated sale proceeds (e.g. necessary repairs, etc.).

*This estimate could also change over time, due to changing market conditions or other unforeseen factors.

ORS 291.215 – Deferred Maintenance / Capital Improvements

- Agencies that own state buildings and infrastructure should request policy packages, to bring their budget to a level of deferred maintenance and capital improvements on existing state-owned buildings and infrastructure that is equivalent to at least two percent of the current replacement value of the agency's state-owned buildings and infrastructure (p. 33 of the 2025-27 state budget instructions for agencies)
- OLCC did not submit a Policy Option Package (POP) for 2025-27 due to the planned move to a new warehouse/HQ location

Where will the new HQ for OLCC be located?

DAS-Portland State Office Building (5.5 miles from current HQ)



Agency Actions to Create Savings, Contain Costs and Create Efficiencies

- IT Enterprise Modernization
 - Replacing legacy warehouse management system
 - Replacing legacy liquor ordering systems
 - Implementing a statewide point of sale system for consistent and real-time sales and inventory data
 - Completed online Privilege Tax system to file beer and wine taxes
 - Online liquor and marijuana licensing system
- Partner with ODA for efficient regulation of hemp and marijuana
- Utilize in-person, hybrid, and telecommuting implemented during the pandemic to reduce space needs for personnel in the new headquarters
 - Using existing office space at PSOB over building new space when vacant space is already available

AGENCY PROGRAMS DISTILLED SPIRITS

DISTILLED SPIRITS PROGRAM



Preserve and Build State Revenue



- **Purchasing** – Works closely with Retail Services staff to provide distilled liquor to customers. Orders bottled spirits produced throughout the world and ensures the emerging Oregon craft distillery industry is represented in the state inventory lineup. Continuously monitors trends in sales and manages inventory
- **Wholesale Services** – Manages the OLCC distribution center for distilled spirits. Manages liquor shipments ordered by purchasing, receives and stores products, fills merchandise orders and coordinates with common carriers to ship products to liquor stores throughout the state
- **Retail Services** – Issues and oversees contracts and operations of the liquor stores and distillery retail outlets. Provides retail liquor store support, training, and merchandising expertise. Develops and educates agents on store operating requirements and procedures. Works with liquor agents to optimize inventory to ensure public safety and maximize revenue

HOW DISTILLED SPIRITS FLOW IN OREGON



POP #101

Bonded IT Modernization

IT Modernization

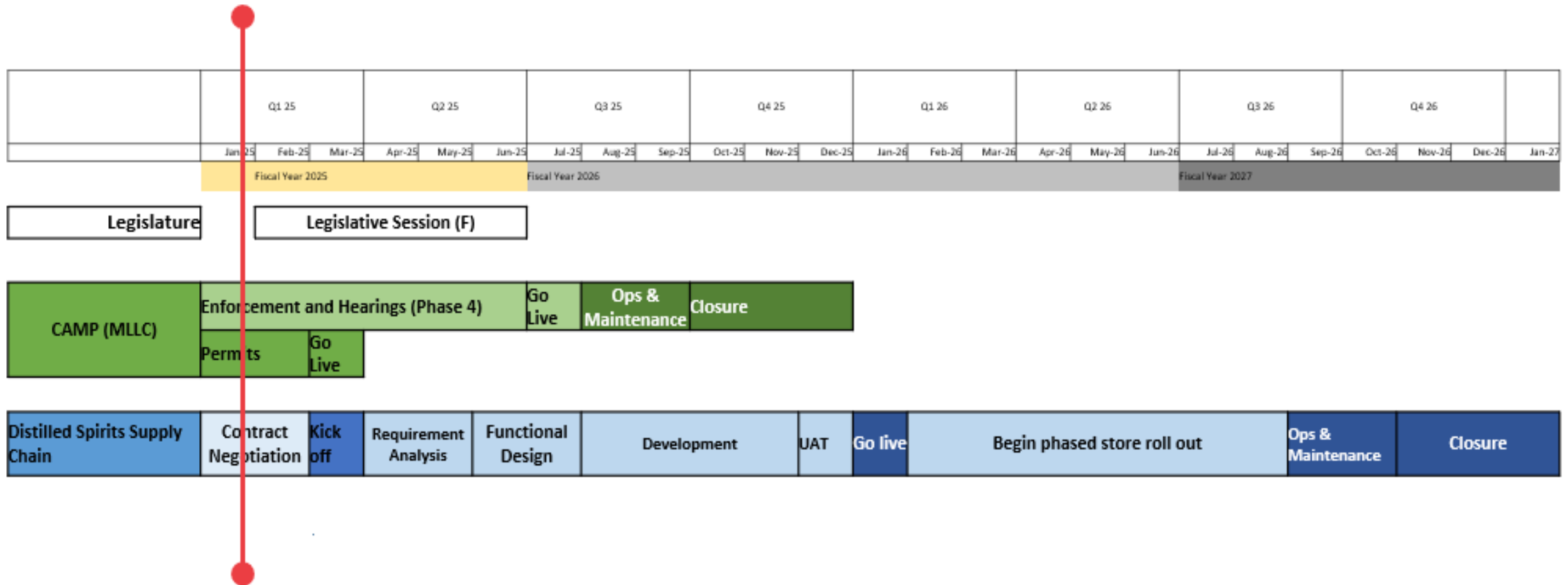
OLCC Policy Option Package #101, \$16.2 million OF

Enterprise Modernization Program (IT) Background



- In 2021-23 OLCC was granted \$27,000,000 bonding authority to begin an Enterprise Modernization Program to replace insufficient and unsupported technology:
 - Cannabis Alcohol Management Program (CAMP)
 - Distilled Spirits Supply Chain (DSSC)
- Renews the spending authority for the 2025-27 biennium to complete the projects
 - Approx. \$6.8 million carry-forward of original \$27 million
 - Additional \$8 million for Distilled Spirit Supply Chain (DSSC) projected costs
 - Additional \$1.4 million in debt service & related bond cost of issuance

Estimated IT Modernization Project Timelines (CAMP & DSSSC)



Enterprise Modernization Stage-Gate Projects

Two technology projects that make up the Modernization effort:

1. Cannabis Alcohol Management Program (CAMP) System

Unified solution for the lifecycle of a license or permit from application to disposition

- Stage Gate 3
 - Phase 1: Marijuana Licensing/Packaging & Labeling (Completed)
 - Phase 2: Liquor Licensing/Special Events (Completed)
 - Phase 3: Permits: Alcohol Service & Marijuana Worker Permits (In Progress)
 - Phase 4: Compliance and Hearings (In progress)

Enterprise Modernization Stage-Gate Program (Continued)

2. Distilled Spirits Supply Chain (DSSC) System – contract signed Jan. 2025

Full supply chain solution for Distilled Spirits products from supplier to customer

- Stage Gate 2
- Point of Sale (POS)
 - Statewide point of sale (cash register) system in all liquor stores that can provide real time data between warehouse and stores
- Warehouse Management System (WMS)
 - The system that controls and administers warehouse operations from the time distilled spirits products enter the warehouse until they move out
- Enterprise Resource Planning (ERP)
 - Manages day-to-day business activities such as accounting, procurement, and supply chain operations

POP #102

Non-bonded Warehouse,
Warehouse Equipment, and Office
Moves

Non-bonded Warehouse Equipment & Office Moves

OLCC Policy Option Package #102, \$2.4 million OF

- Estimated Warehouse Equipment & Office Move Costs:
 - Moving and furniture costs, \$750,000
 - Lease costs (primarily at PSOB): \$680,000
 - New warehouse equipment not purchased in 2023-25, \$1.0 million
- Cost of POP 102 will be offset by corresponding reduction to Agent Compensation Other Funds Limitation

POP #103

Non-bonded IT Modernization
Maintenance/Support

Non-bonded IT Modernization Maintenance/Support

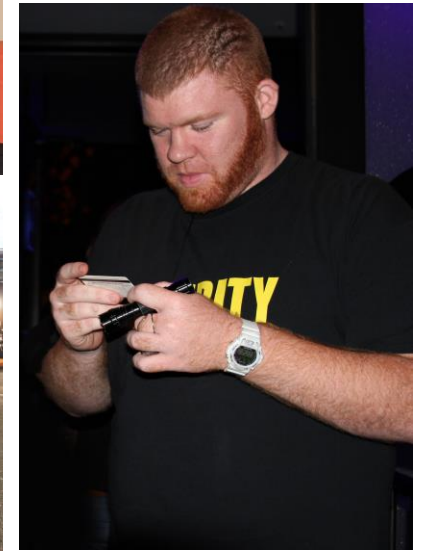
OLCC Policy Option Package #103 , \$12.0 million OF

- Estimated ongoing costs include items such as maintenance, support, training, etc.
 - Distilled Spirit Supply Chain (DSSC) ongoing costs, \$12.0 million
- Cost of POP 103 will be offset by corresponding reduction to Agent Compensation Other Funds Limitation

AGENCY PROGRAMS PUBLIC SAFETY

PUBLIC SAFETY PROGRAM

- **License Services Division** – Responsible for investigating and processing license applications and renewals for alcohol and marijuana licenses and issuing alcohol service permits and marijuana worker permits
- **Compliance Division** – Responsible for educating licensees, investigating complaints, and enforcing liquor and marijuana laws through sanctions if education is not effective. Responsible for Bottle Bill compliance with statutory requirements
- **Administrative Hearings Division** – Reviews the final OLCC investigative reports for technical sufficiency. Provides due process to the OLCC’s licensees, permittees, applicants and liquor agents by developing the agency record at contested case hearings and ensuring consistent application of policies and laws

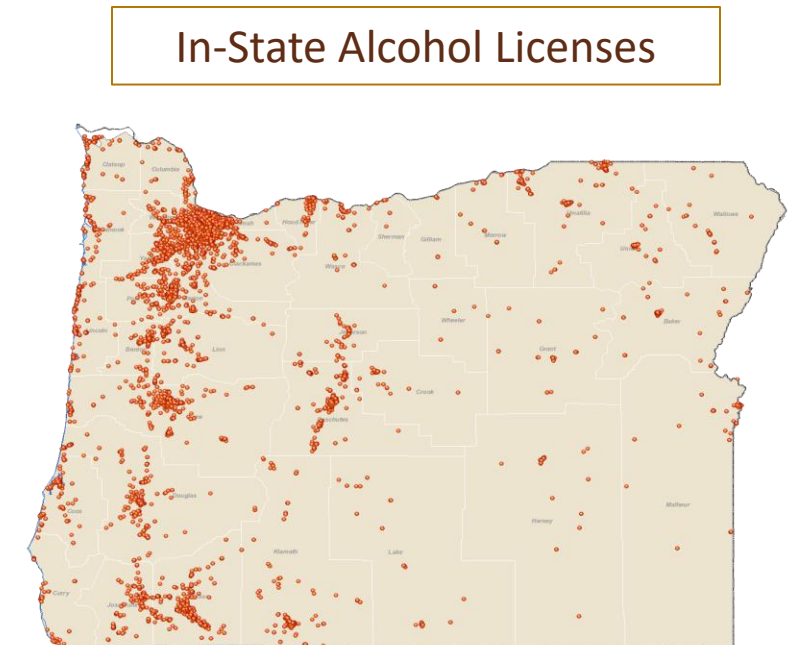


PUBLIC SAFETY LICENSING DIVISION - ALCOHOL LICENSES & PERMITS

Total Annual Liquor Licenses	14,178
Restaurants and Bars (on-premises licenses)	8,100
Grocery/Convenience Stores (off-premises licenses)	4,022
Wineries	1,327
Brewers/Brew Pubs	355
Distributors/Wholesalers	202
Distilleries	172

Special Event Licenses	8,100
Out-of-State Certificates	3,104
Alcohol Service Permits	156,527

Totals as of January 22, 2025



PUBLIC SAFETY MARIJUANA LICENSES

As of January 23, 2025

License Type	Active
Laboratory	13
Processor	288
Producer	1,382
Retailer	778
Wholesaler	256
Research	1
Total	2,718

MARIJUANA WORKER PERMITS

52,571

PUBLIC SAFETY PROGRAM STRATEGIC INITIATIVES

- Increase alcohol and marijuana licensee visits to prevent serious violations (education first)
 - Capitalize on data analytics to set marijuana inspection priorities and prevent diversion
 - Emphasize decoy activities to prevent sales of alcohol and marijuana to minors and to assure compliant sales of medical grade marijuana
 - Coordinate field office activities and compliance outcomes to assure statewide consistency
- Replace manual alcohol and marijuana licensing processes with electronic systems
- Coordinate with federal, state and local law enforcement partners

POP #104

MJ Staffing & Agency Vehicles

MJ Staffing & Agency Vehicles

OLCC Policy Option Package #104 , \$1.6 million OF

- \$700,000 Personal Services
 - 2 Positions, 2.00 FTE
 - Marijuana Compliance & Regulatory Director
 - Marijuana Licensing Director
- \$725,000 Capital Outlay for 13 vehicles
 - 7 vehicles for Rec. Marijuana (MJ) program
 - 6 vehicles shared across Public Safety (Alcohol and MJ)
- \$160,000 Vehicle Maintenance & Fuel

POP #105

Hemp Staffing, HB 4121 (2024)

HEMP Staffing, HB 4121 (2024)

OLCC Policy Option Package #105, \$1.7 million OF

- HB 4121 passed during the 2024 legislative session, with a January 2026 effective date
 - \$1,700,000 Personal Services, S&S, and Vehicles
 - 7 Positions, 5.25 FTE
- HB 4121 (2024) authorized OLCC to establish a Hemp Registration fee.
 - The fee amount would be \$420 per year.
 - 4,116 estimated hemp registrations fee payers
 - Until the Hemp Registration fee revenue is realized the OLCC will need to use Recreational Marijuana cash balances to pay for the initial costs of the agency's Hemp Registration program.

AGENCY PROGRAMS SUPPORT SERVICES

SUPPORT SERVICES PROGRAM

- **Agency Director's office**
- **Administrative Services (facilities, fleet, etc.)**
- **Communications**
- **Financial Services**
- **Human Resources**
- **Information Technology**
- **Internal Audit**
- **Legislative & Tribal Affairs**
- **Records**

STRATEGIC INITIATIVES

SUPPORT SERVICES PROGRAM

- Support external and internal customers while implementing and supporting significant agency projects (Build, Move, Modernize, and Roll):
 - IT Modernization
 - Cannabis Alcohol Management Program (CAMP)
 - Distilled Spirits Supply Chain (DSSC)
 - Pont of Sale
 - Warehouse Management System
 - Enterprise Resource Plan (ERP)
- Warehouse and Material Handling/Conveyor Projects
- Move to new headquarters in 2025-27
- Sell existing headquarters and warehouse in 2025-27

POP #106

Agency Realignment & Cost

Allocation – related to budget note

Agency Realignment and Cost Allocation

OLCC Policy Option Package #106 , Cost and Position Neutral

- **Agency Budget Note Response (related report included in appendix):**
 - During 2023-25, agency management analyzed workload and staffing across OLCC's program areas.
 - The purpose of this review was to determine the most appropriate basis to allocate administrative costs to the agency programs receiving those administrative services.
 - An updated cost allocation model would be the following:
 - Alcohol revenues, 83%
 - Recreational marijuana revenues, 15%
 - Medical marijuana revenues, 2%
 - In additional, Admin. Hearings in Public Safety should be allocated between Alcohol and MJ, rather than 100% to alcohol.
 - May create need to increase Recreational Marijuana fees in 2025-27

AGENCY PROGRAMS MARIJUANA

State Marijuana Law and Responsible State Agencies

M91 November 2014

Statutes: ORS Chapter 475C

Administrative Rules OAR Division 25

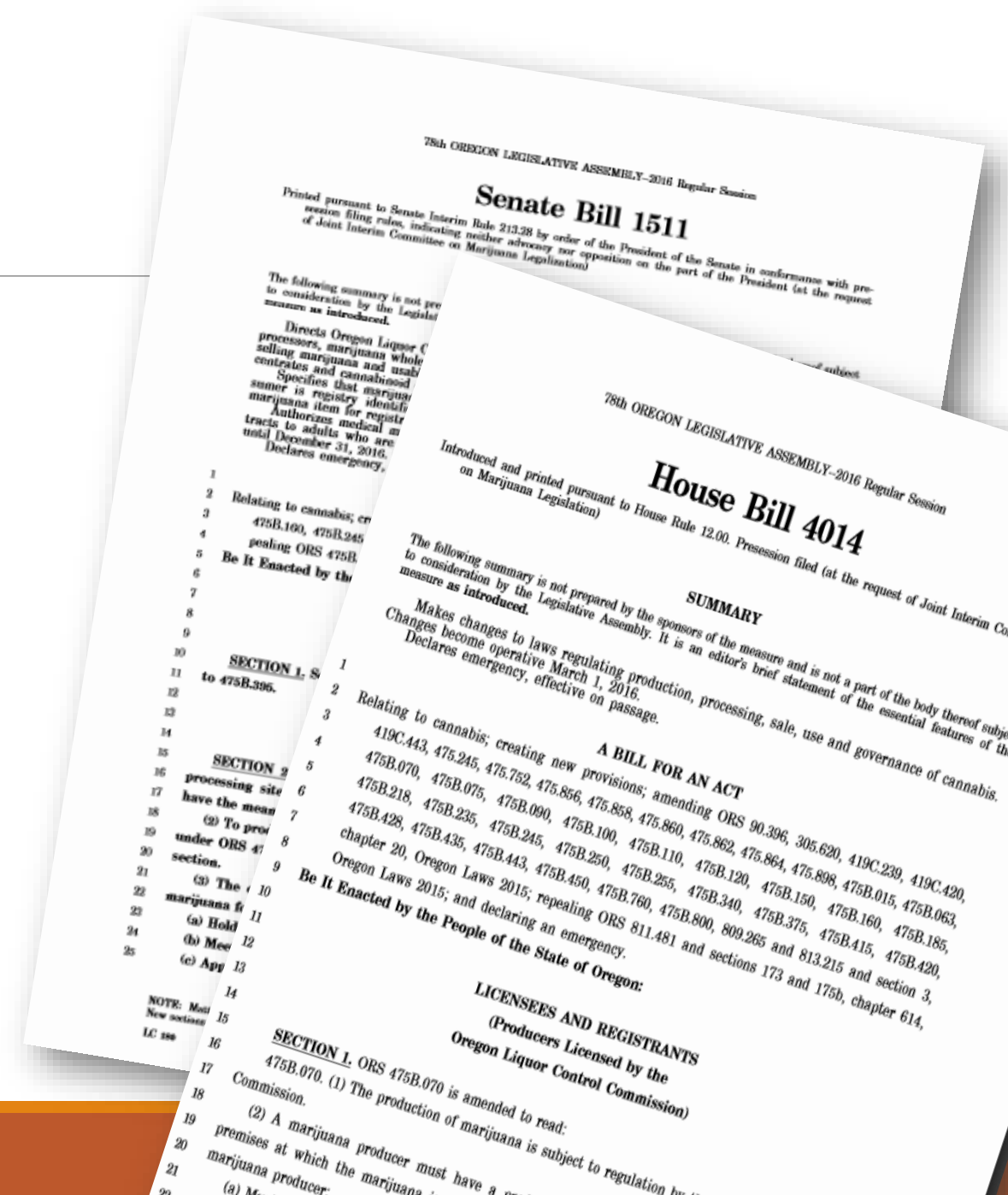
Oregon Liquor and Cannabis Commission (OLCC): recreational marijuana businesses and worker permits

Oregon Health Authority (OHA): medical marijuana activities/businesses, testing standards and requirements

Oregon Department of Revenue (DOR): tax collection

Oregon Department of Agriculture (ODA): commercial kitchens, scale certification, certain food handling activities, pesticides

Local jurisdictions: law enforcement, governing bodies, code enforcement



RECREATIONAL MARIJUANA

License Types

Producer : Grows marijuana

Laboratory: Tests marijuana

Processor: Creates recreational and medical-grade marijuana-infused products

Wholesale: Buys and sells marijuana wholesale

Retail: Sells recreational items to consumers over 21 and medical-grade items to cardholders

Research Certificate: Can conduct research using marijuana

Worker Permit: Employees of any marijuana business

HEMP Registration: Hemp Registration, HB 4121 (2024)



CANNABIS TRACKING SYSTEM (CTS)

Statutory requirement: directed OLCC to develop an inventory tracking system to ensure that taxes are collected and inventory does not migrate from or into the illegal market

- Supplements limited staffing resources by reporting on discrepancies and providing notice of potential tracking issues
- Designed to allow for more effective audits and satisfy federal guidelines
- Every plant is tracked via code from seedling to final sale to consumer
- Allows for product recalls when consumer safety issues are present

OLCC RECREATIONAL MARIJUANA COMPLIANCE INSPECTIONS AND OUTCOMES

OLCC utilizes a three-legged stool approach to compliance:

CTS tracking data ▲ Camera evidence ▲ On-site inspections ▲

Inspection Types:

- Minor Decoy Operations (retailers)
- Compliance investigations (all licensees)
- Alteration inspections (all licensees)
- Pre-license inspections
- Harvest inspections (producers)

Common Violations:

- CTS violations (incorrect data)
- Failure to maintain security recordings
- Improper transfers (I.E. unlicensed location)
- Not reporting sales timely
- Weight mismatches

MARIJUANA PROGRAM STRATEGIC INITIATIVES

Licensing and Compliance Strategic Programs:

- Alcohol:
 - Education of licensees
 - Reducing minors in licensed premises
 - Minor Decoy Compliance Program
 - History of persistent and serious problems
- Marijuana:
 - Education of Licensees
 - Diversion & Inversion into and out of the legal market
 - Minor Decoy Compliance Program
 - Lack of licensee institutional control
 - Consumer safety



AGENCY PROGRAMS OMMP TRACKING

OMMP TRACKING PROGRAM

OLCC RESPONSIBILITIES

- In 2017 (SB 1057) OLCC was given the responsibility to track inventory and transfers in the Cannabis Tracking System for OMMP grow sites that grow for three or more medical card holders, and OMMP processors and dispensaries
- OLCC writes inspection reports for OMMP Growers, Processors and Dispensaries tracked in CTS and forwards alleged violation to OMMP for adjudication
- The Oregon Health Authority (OHA) remains the agency responsible for enforcement and regulatory actions related to discovered violations
- OMMP retains oversight of medical cardholders, caregivers, and growers not tracked in CTS
- 141 grow sites with three or more patients; No dispensaries registered with OHA

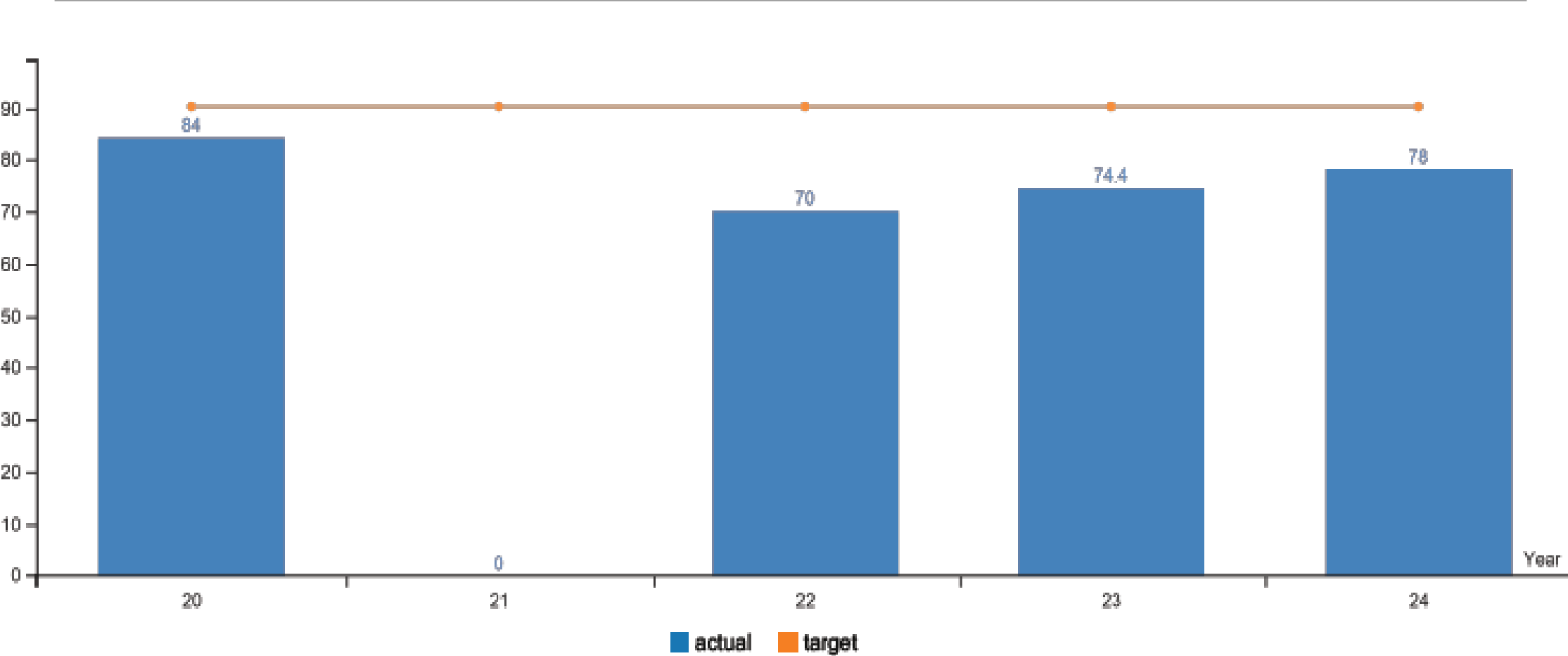
AGENCY CHALLENGES

CRITICAL COMPONENTS OF SUCCESS

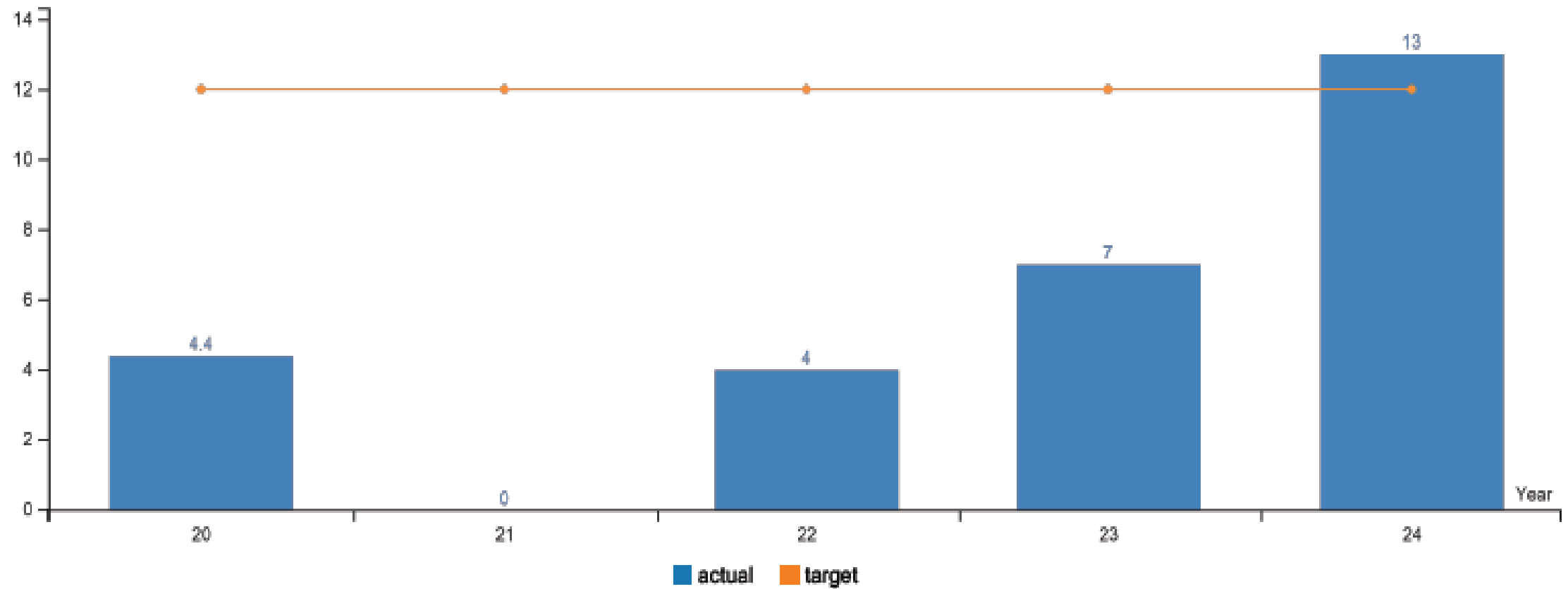
- Complete modernization of warehouse and IT in support of the Liquor Control Model and our licensees
- Marijuana regulatory structure that continues to evolve as the industry struggles with oversupply of marijuana products in the regulated market

KEY PERFORMANCE MEASUREMENTS

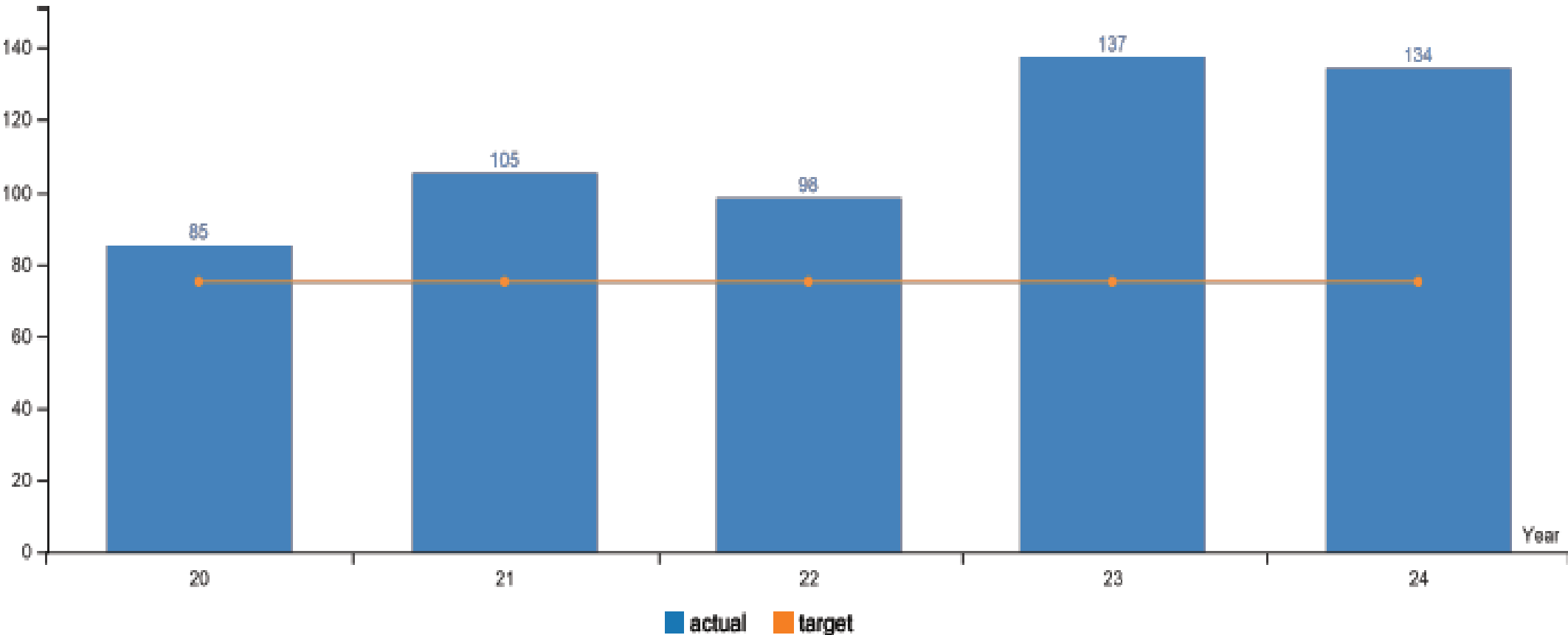
Minor Decoy Compliance Rate Alcohol *KPM*



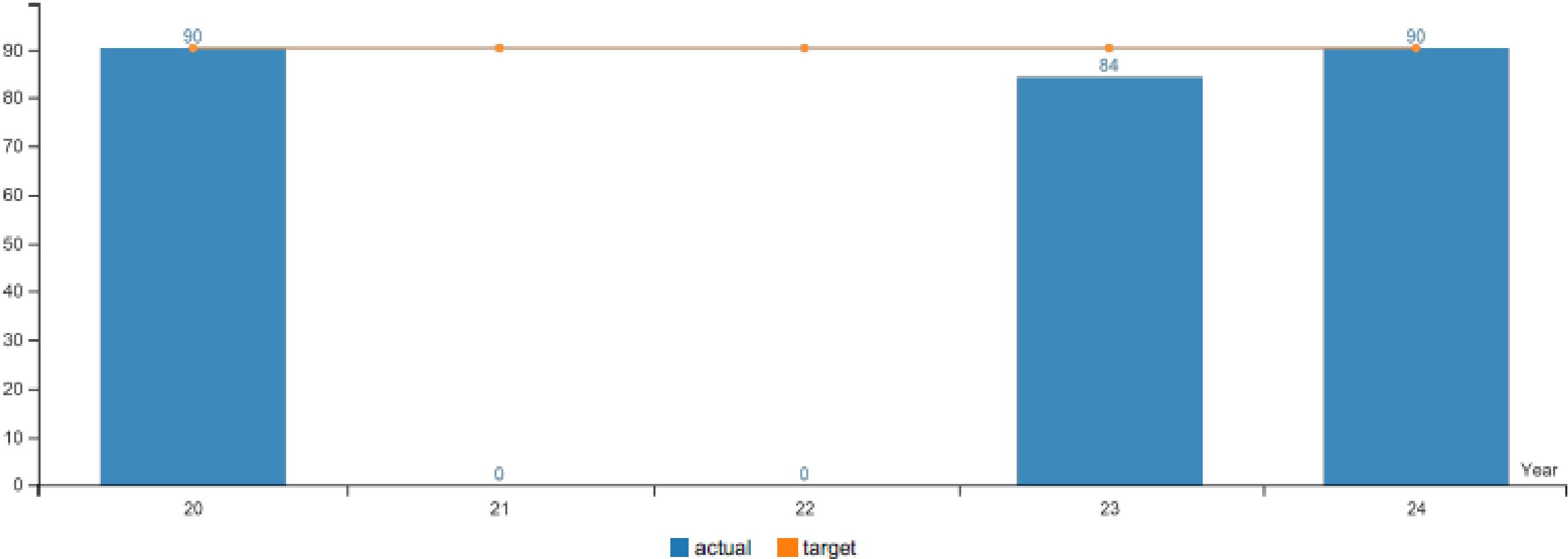
Rate of Second Violation Alcohol *KPM*



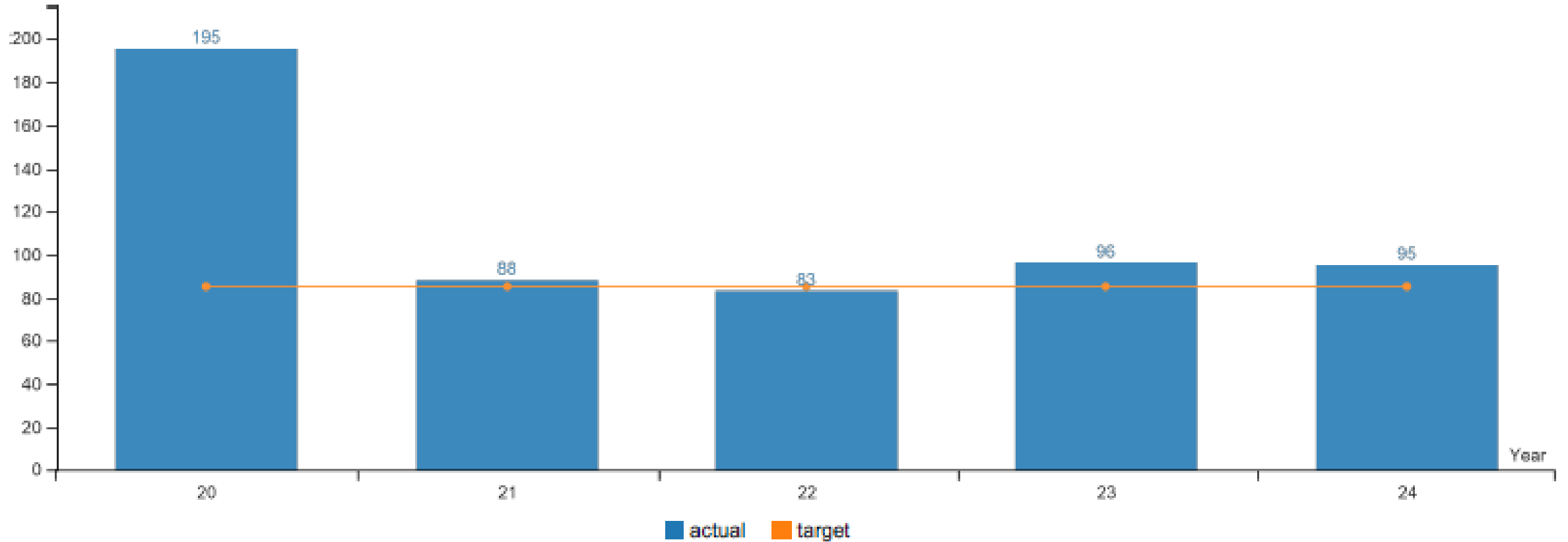
Average Days to Process Alcohol License Applications *KPM*



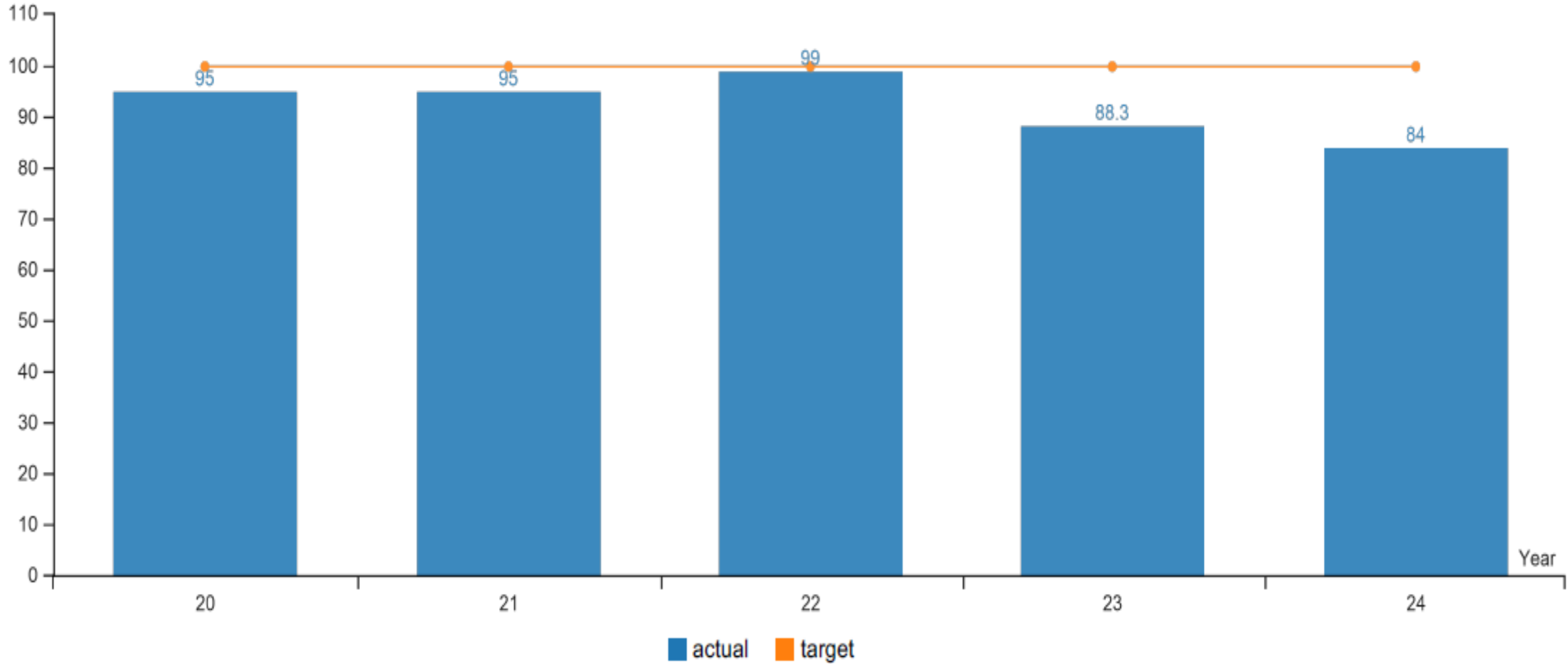
Minor Decoy Compliance Rate Marijuana *KPM*



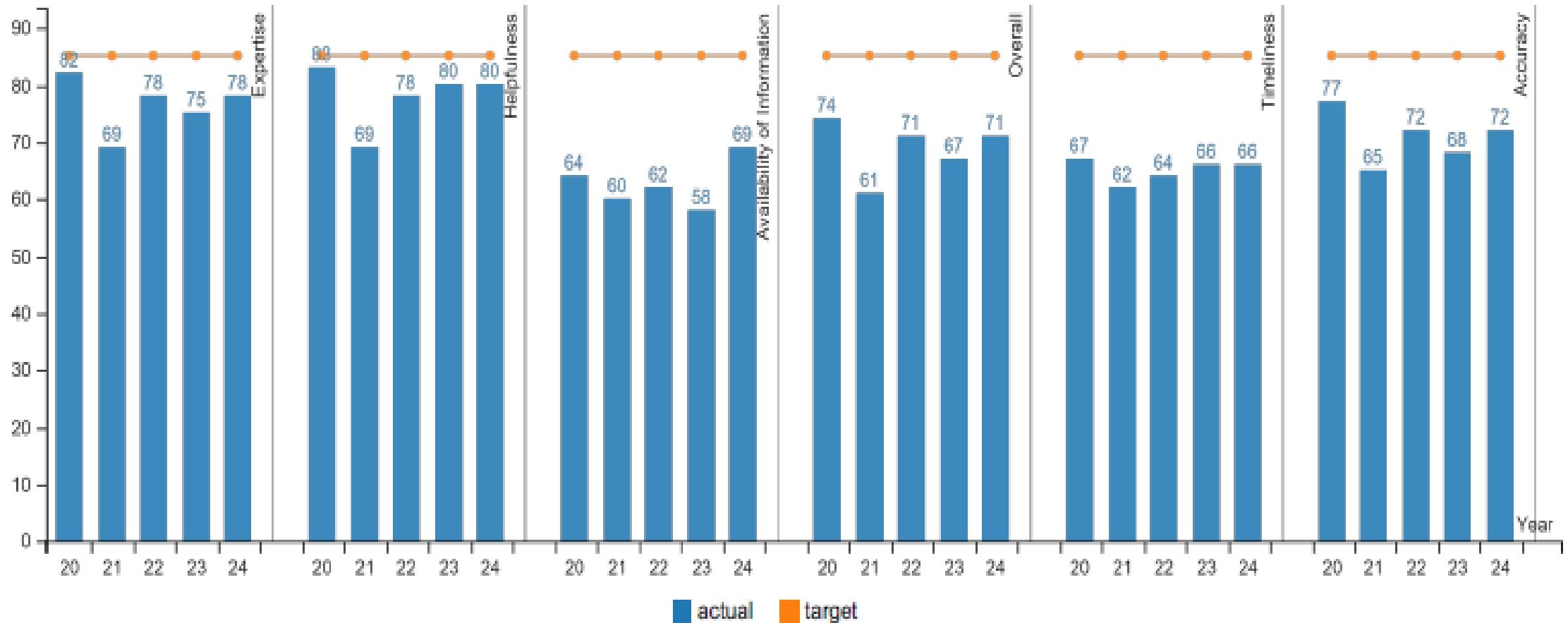
Average Days to Process Marijuana License Applications *KPM*



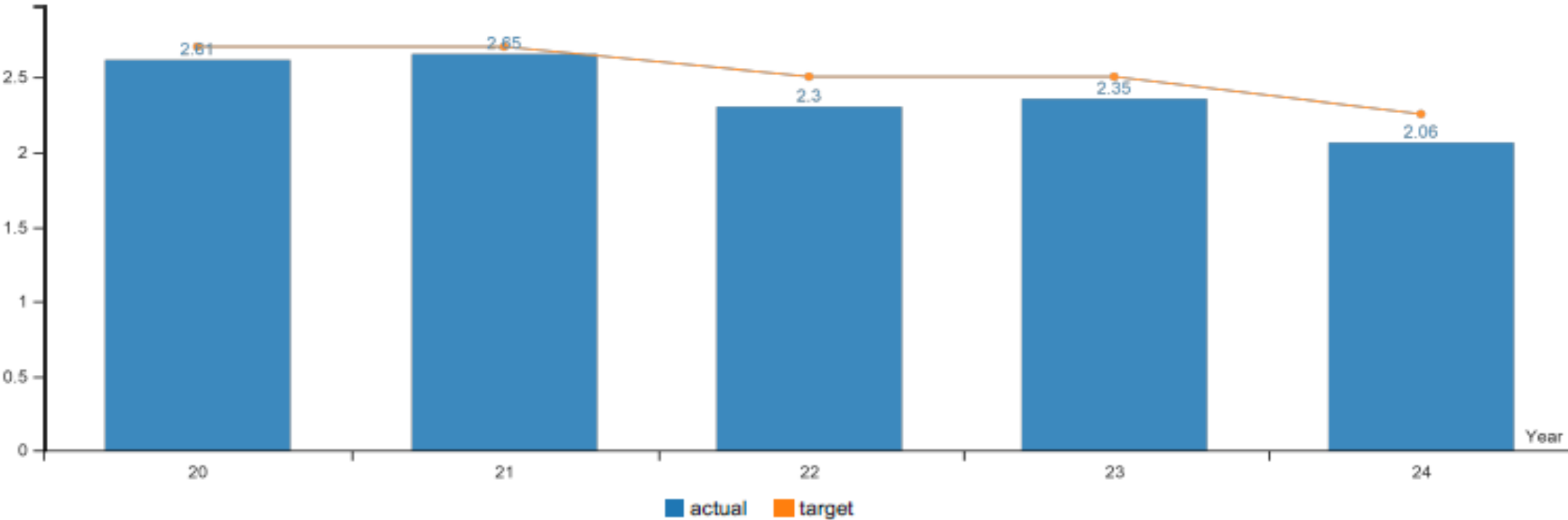
Board/Commission Best Practices *KPM*



Customer Service Satisfaction Rates *KPM*



Revenue Returned per Dollar Spent *KPM*



ANALYST ADJUSTMENTS

Analyst Adjustments - Package #090's

Governor's Budget (figures below are rounded)

- Statewide DAS and Attorney General Adjustments:
Reduction of \$490,000
- Reduce Agent Compensation by \$11.05 million (true-up
OF limitation to current sales projections)

10% REDUCTION OPTIONS

10% Reduction Scenarios:

- First 5% Reduction
 - \$11.1 million reduction to Liquor Store Agent Comp. Other Funds limitation to true-up to current alcohol sales forecasts (included in Analyst Adjustment Package 090)
 - \$7.5 million reduction to Liquor Store Agent Comp. Other Funds limitation to true-up to current alcohol sales forecasts (part of larger \$12 million reduction to offset costs in POP 103)

10% Reduction Scenarios:

- **6-10% Reduction**

- \$4.5 million reduction to Liquor Store Agent Comp. Other Funds limitation to true-up to current alcohol sales forecasts (remainder of larger \$12 million reduction to offset costs in POP 103)
- \$2.4 million reduction to Distillery Agent Comp. Other Funds limitation to true-up to current alcohol sales forecasts (used to offset costs in POP 102)
- \$6.5 million reduction to Public Safety - Medical Marijuana Division. To achieve a 10% reduction eliminating the Medical MJ program would enable the agency to meet that target while enabling the agency to maintain core functions.
- \$5.2 million reduction to Public Safety – Alcohol regulation: To achieve a 10% reduction the agency would reduce Public Safety - Alcohol by 26% and potentially shift some level of enforcement to cities and counties, since that is a function they could take on while OLCC maintained core functions.

Long Term Vacancy Information

The OLCC 23-25 Legislatively Approved Budget authorizes 384 positions

- At 12/31/2024 there were:
- 14 vacancies greater than 12 months old which equates to \$3,108,209 in 2025-27
 - \$0.9 million funded from liquor revenues and/or cost allocation, and \$2.2 million funded from marijuana revenues

Questions?
