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# Why hemp and adult-use cannabis growers are split on license limits

**It's Oregon, where adult-use growers are trying to shut out new participants, hemp growers are fighting to maintain free movement into and out of their crop, and illegal growers are creating havoc.**

Feb 11, 2022, 3:20pm PST **Updated: Feb 11, 2022, 3:28pm PST**

Oregon lawmakers late Thursday advanced a bill that could limit new hemp-growing licenses in some counties — a significant pullback from the sweeping moratorium originally called for in the legislation.

It was a committee compromise that highlighted the complexity of cannabis regulation in Oregon, where adult-use growers are trying to shut out new participants, hemp growers are fighting to maintain free movement into and out of their crop, and illegal growers are creating havoc.

The bill that advanced to the full Senate would allow counties that declare a state of emergency to cut off new hemp entrants. But even in those counties, anyone who held a license in 2020 or 2021 would be allowed into the hemp program, which requires annual registration.

Industry reps still opposed the bill, but many said it was a big improvement.

Political and law enforcement leaders in Southern Oregon had pushed for a broad moratorium in response to an explosion of illegal cannabis grows, often with squalid and dangerous conditions for workers. Some of those grows, believed to serve out-of-state black markets almost exclusively, operated under cover of the Oregon Department of Agriculture hemp program.

Growers and other industry representatives vehemently opposed a moratorium. They argued that measures taken under 2021's House Bill 3000 were already working to eliminate fraudulent licensed growers, whom they maintained constituted a small part of the problem.

An investigation of 183 licensed growers in Jackson County and neighboring Josephine County last year found 41, or 22%, met the "presumptive marijuana definition," meaning it was clear they were intending to grow THC-laden cannabis. Another 34% had plants above the 0.3% THC limit for hemp.

"That these cases were caught and addressed shows that HB 3000 implementation is working as intended and is succeeding in addressing the bad actors within the ODA hemp program," industry lobbyist Courtney Moran said.

Jackson County officials last year estimated there were some 2,000 total grows in the county, and state data indicated fewer than 600 had either a hemp or cannabis license.

The number of licensed hemp growers had surged in 2018 and 2019, but fell dramatically in 2020 and 2021 as prices for hemp biomass and CBD, its primary product, crashed.

The industry said a broad moratorium would keep out growers now looking to get into the game — or back into it after an absence — possibly for grain or fiber production that is beginning to catch on, or for other reasons.

"This hemp license moratorium would punish us by restricting our ability to expand farming operations or pivoting



STEPHEN WARD

The plants may look alike, but hemp and adult-use cannabis are in many ways different worlds.

to contract farming for specialized hemp needs like we have had to do in the past,” Dylan Summers, from the hemp-products company Lazarus Naturals, said.

Jackson County Sheriff Nathan Sickler was the main advocate for the broad moratorium. He said he wasn’t confident regulators could police licensees.

“In Southern Oregon we need to slow this problem down to give law enforcement, the Oregon Department of Agriculture and the (Oregon Liquor and Cannabis Commission) time to build the infrastructure necessary to properly regulate the industry and to investigate those who operate outside of the laws,” he said.

Sen. Jeff Golden, an Ashland Democrat, offered the amendment with the narrower moratorium possibility.

“The input that impressed me the most to alter course was that the problem that prompted the effort to pause new hemp licenses exists clearly in two counties in the state, Jackson and Josephine counties,” Golden said. “There are other counties where people have started hemp businesses that do not have that problem. I thought it was very reasonable for people to point out why should people in those counties be restrained if the triggering problem doesn’t exist.”

The original bill would have allowed growers who had applied before mid-June last year and been in effect into 2024.

Sen. Floyd Prozanski (D-Eugene), who called himself an industry supporter, said the narrow nature of the amendment — allowing in 2020 and 2021 growers and sunseting next year — convinced him the bill would have as minimal an impact as possible on legitimate businesses.

“Knowing how sausage is in fact made in a session, this is one of those issues that the proponents did ask for certain criteria and I believe they’ve received the bulk of that,” he said.

While the hemp industry wants the ability to expand, adult-use growers want the state to step in and bar new competitors for the next two years.

Partly that has to do with market opportunities: Hemp can be sold virtually anywhere while cannabis growers are boxed into an overflowing single-state market. It also reflects that adult-use growing is a bigger commitment, a more expensive, complex undertaking. That spurs many operators to fight to protect their investment rather than shift with market conditions. Hemp is more akin to any agricultural crop that farmers move into and out of as opportunities open and close.

The bill on the House side that would halt new licensing also includes a hemp moratorium. Golden said he and Rep. John Lively, its sponsor, were committed to consistent approach. Golden was hopeful that his narrower approach, emerging from a long, focused debate on the hemp issue, would be adopted. Lively was not available for comment before deadline.

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