



SENATE MAJORITY OFFICE

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NEWS RELEASE

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Bill would allow OLCC to temporarily red-light the ‘green rush’ of cannabis production, when the situation calls for it *SB 218: Reins in supply to discourage product leaking into illicit market*

SALEM – The Oregon Senate advanced legislation that will lower the now overabundant supply of cannabis in the market place, creating a more stable industry and reducing the amount of product available in the illicit market.

[Senate Bill 218](#) – which passed with a 18-10 vote on the Senate floor today – allows the Oregon Liquor Control Commission to refuse new cannabis production licenses based on market demand and other relevant factors. The bill does not affect the renewal of existing business licenses, nor new licenses or reissuing of existing licenses due to a change in location or ownership. The bill would sunset in two years.

“We currently have a flood of cannabis production happening in our state,” Sen. Floyd Prozanski (D-Eugene) said. “There is a ‘green rush’ happening in our state right now and, while we support a healthy and thriving new cannabis industry, the oversupply has caused plummeting product costs. Much of the product created by this oversupply is going into the illicit market that legalized cannabis was intended to curb. This bill will protect the existing legal market.”

Oregonians voted to legalize recreational cannabis production, sale and consumption in 2014. Approved medical cannabis dispensaries began selling product for the recreational market in late 2015 and the OLCC began issuing recreational cannabis business licenses in April 2016. Since that time, production has continued to significantly outpace demand.

Currently, there is an oversupply of about 6.5 years' worth of retail cannabis product. This has caused the per-gram price to drop from over \$14 in 2015 to less than \$7 by the end of 2017, mostly because of the oversupply of product. Today, advertisements for \$3 per gram are common in retail stores throughout the state. Many are concerned that oversupply is hurting the legal market because excess product is leaking into the illegal cannabis market.

The bill has support from some of the industry participants, including Jackson County-based Grown Rogue International.

"As a leader in the cannabis industry, we at Grown Rogue take seriously our role and responsibility in not only creating a safe and well regulated industry that Oregonians can trust and support," Grown Rogue CEO Obie Strickler wrote in testimony on the bill, "we also feel strongly about our role in helping shape an industry that is financially healthy; one that benefits our state and provides all citizens the opportunity for financial success in the cannabis industry."

Senate Bill 218 now goes to the House of Representatives for consideration.

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