

# The Oregon Medical Marijuana Program

Dispensary Sales  
Report  
2016

Oregon  
Health  
Authority

PUBLIC HEALTH DIVISION  
Oregon Medical Marijuana Program

# **OREGON MEDICAL MARIJUANA PROGRAM DISPENSARY SALES REPORT 2016**

*(REVISED 04/12/2017)*



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## 2016 Oregon Medical Marijuana Dispensary Sales Report

- In Calendar Year 2016, medical marijuana dispensaries registered with the Oregon Medical Marijuana Program (OMMP) sold an estimated 24,440 lbs., or 11.1 metric tons of usable marijuana.<sup>1</sup> Approximately, 27% of these sales were to OMMP Registry Identification Cardholders and designated primary caregivers (“cardholders”), and the remaining 73% of sales were to adult retail customers over the age of 21 (“recreational” or “retail” customers) via limited marijuana retail sales (“Early Retail Sales” or “ERS”). Monthly totals are shown in Figure 1.

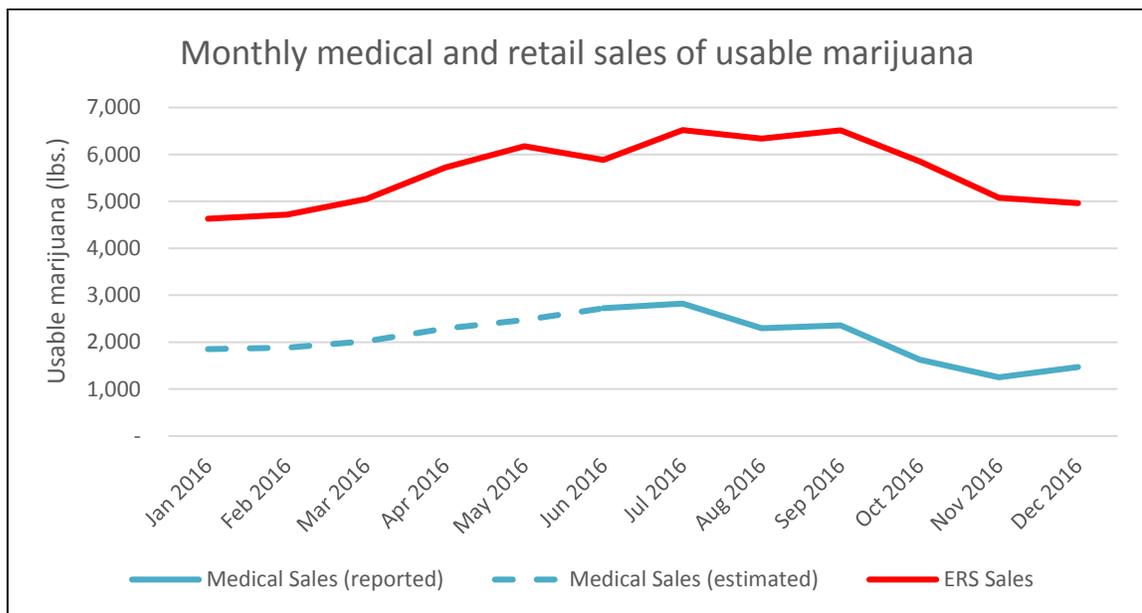


Figure 1

- In 2016, in any given month, the average number of operating dispensaries was 403, with a high of 424 in October, and a low of 371 in December.
- In 2016, OMMP dispensaries sold approximately 24,440 lbs. (11.1 metric tons), of usable marijuana to medical marijuana cardholders. This estimate was about 26.9% of all dispensary sales of usable marijuana, with an approximate value of \$79.4 million in untaxed revenue to dispensaries.
- OMMP dispensaries also sold an estimated 2.95 million units of extracts, concentrates, and other processed cannabinoid products to medical marijuana cardholders in 2016, with an approximated value of \$32 million.

<sup>1</sup> The term “usable marijuana” is used throughout this report, and is used as defined in ORS 475B.015 (29) as being “the dried leaves and flowers of marijuana,” which does not include “[t]he seeds, stalks and roots of marijuana; or ... [w]aste material that is a by-product of producing or processing marijuana.”

- Medical sales of processed cannabinoid products are highly correlated with sales of medical usable marijuana, as can be seen in Figure 2.

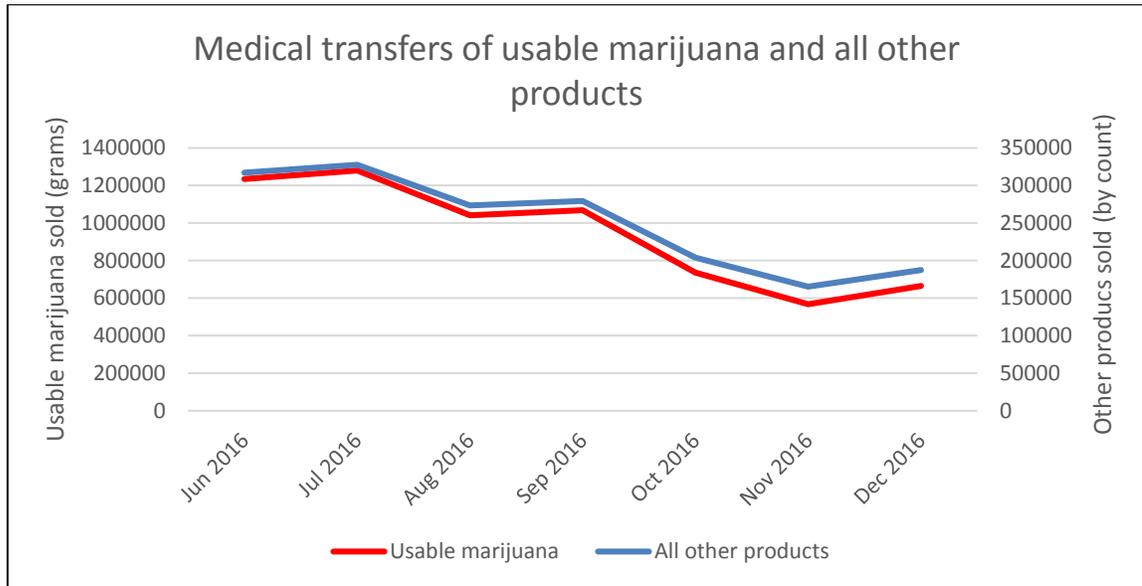


Figure 2

- Edible solids made up the largest share of medical products purchased other than usable marijuana, at almost 45% of unit-sales, followed by solid and liquid extracts which accounted for nearly 33% of unit-sales, and then solid and liquid concentrates comprising around 13.7% of unit-sales. All other processed products accounted for less than 9% of unit-sales. Figure 3 shows the itemization of specific product-categories other than usable marijuana purchased by medical marijuana cardholders from June through December.

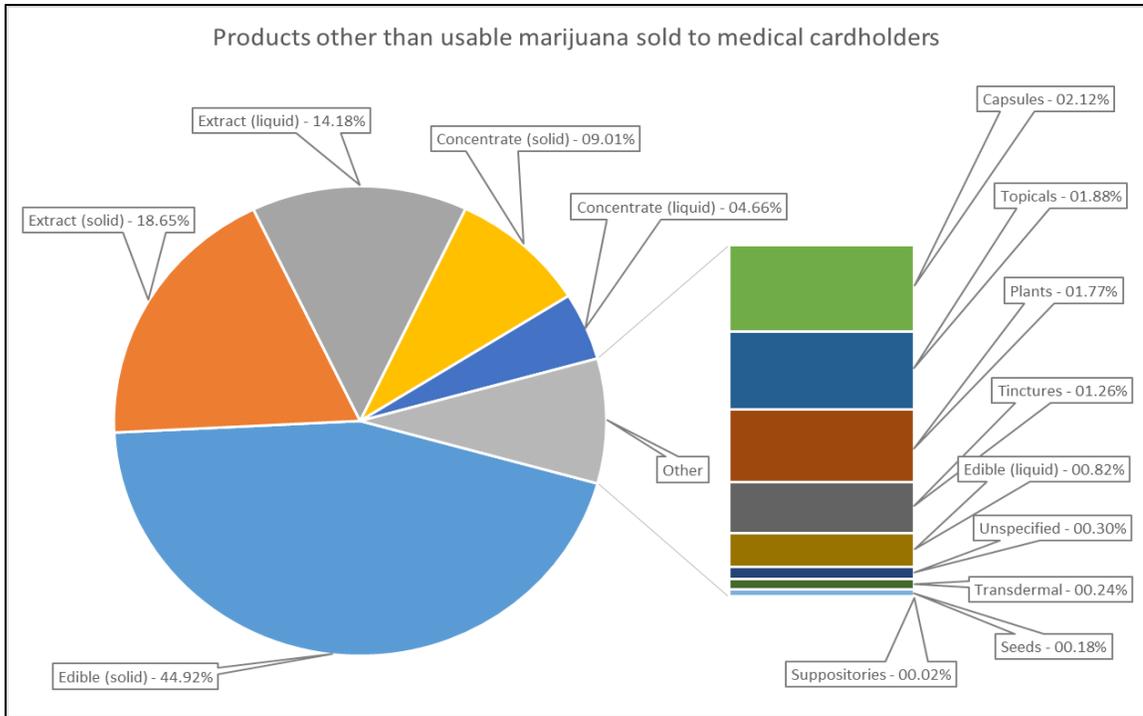


Figure 3

- Approximately 73.1% of all usable marijuana sales in 2016, about 66,383 lbs. (30.1 metric tons), was sold to recreational customers by OMMP dispensaries via the ERS program in 2016. These retail sales brought in an estimated \$215.3 million in pre-tax revenue, and \$53.8 million in taxes.
- In 2016, recreational sales of extracts, concentrates, and other processed cannabinoid products were comprised of approximately 4.1 million unit-sales, which brought in an estimated \$50 million in pre-tax revenue and \$12.5 million in taxes.<sup>2</sup>
- From June through December 2016, the average purchase amount of usable marijuana by medical cardholders was 7.52 grams per-transaction, or just over one-quarter ounce. Over this period, the transaction amount fell, on average, by 0.47 grams each month, a monthly decline of about 6.2%, as seen in Figure 4.

<sup>2</sup> The Oregon Department of Revenue (DOR) collected \$65.4 million in marijuana taxes from February 2016 through January 2017. The discrepancy between this collected amount and the \$66.3 million in tax liability estimated in this report (\$53.8 million from usable marijuana and \$12.5 million from all other products) can partially be explained by estimation error. However, a DOR report further explains the difference between taxes collected and actual tax liability:

*Although it would be convenient if [marijuana tax] payments matched perfectly with tax liability, it's better to think of payments as a close estimate of what businesses expect they will owe in taxes. Since businesses might have paid too much, too little, or off schedule, the value of payments received by [DOR] within a time period does not provide full information about the tax liability of businesses nor sales within the same time period.*

Oregon Department of Revenue. "Oregon Marijuana Tax Statistical Report. December 2016. Retrieved April 1, 2017 at: [http://www.oregon.gov/DOR/programs/gov-research/Documents/marijuana\\_tax\\_report-2016-Q1.pdf](http://www.oregon.gov/DOR/programs/gov-research/Documents/marijuana_tax_report-2016-Q1.pdf)

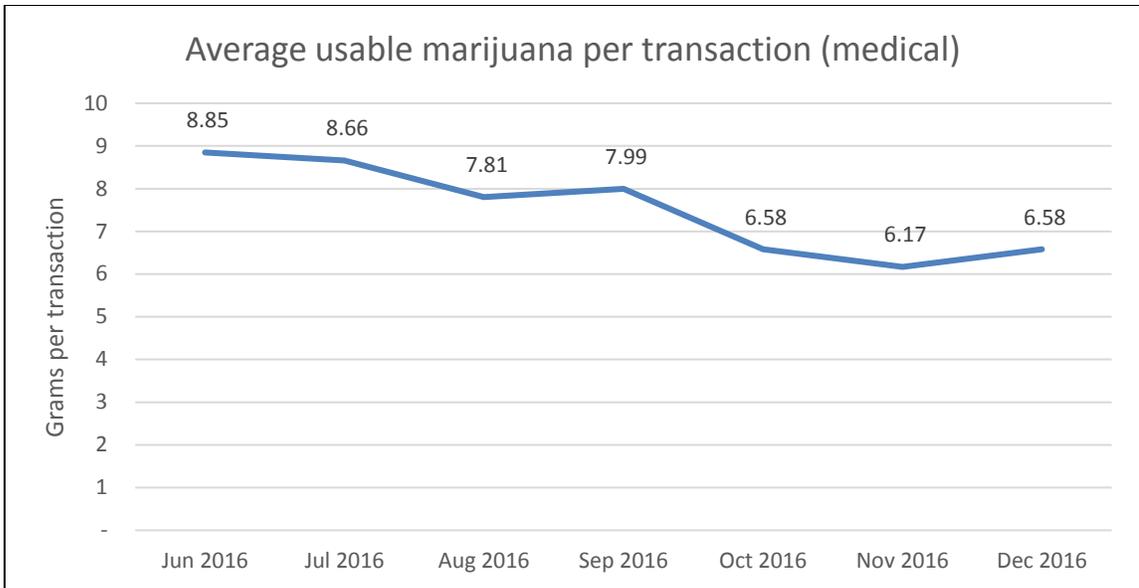


Figure 4

- From June through December 2016, the average purchase amount of usable marijuana by retail customers was 1.98 grams per-transaction, or just under 0.07 ounces. This amount also fell slightly over these seven months, but at a slower average rate, of about 0.06 grams or 3.01% each month, as shown in Figure 5.

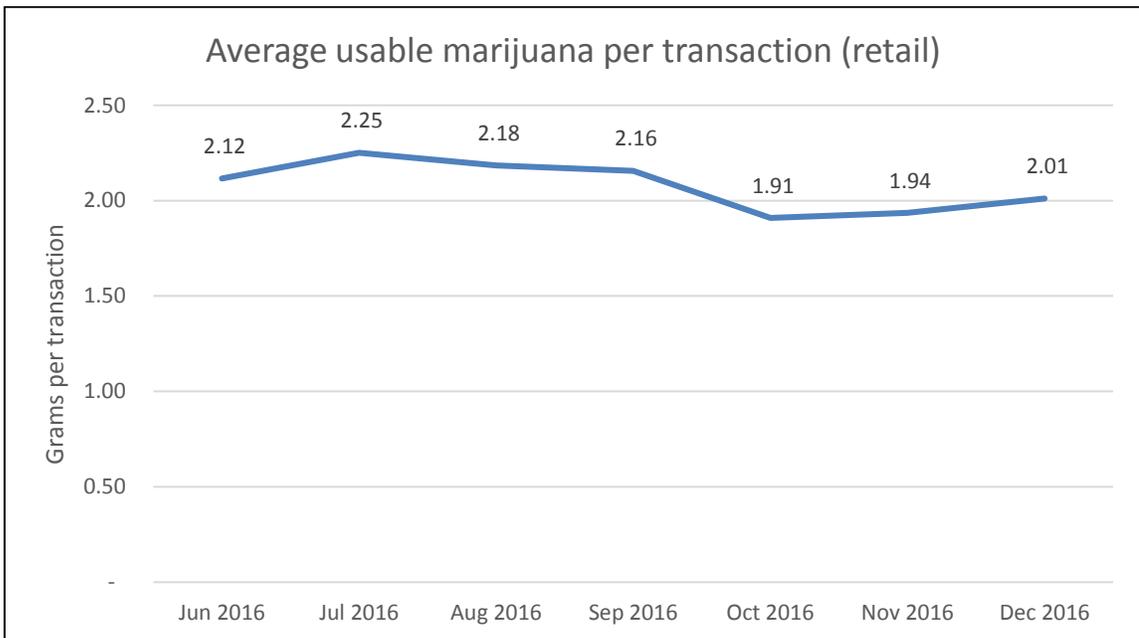


Figure 5

- There were an estimated 1.5 million individual transactions in 2016 involving sales of usable marijuana to medical cardholders. Conversely, there were an estimated 15.2 million individual transactions of sales of usable marijuana to retail customers.

- Both medical and retail customers spent more on usable marijuana than any other product, but the preference for usable marijuana was significantly stronger for retail customers. For every dollar spent by *medical* customers from June through December, about \$0.29 went to products other than usable marijuana. For every dollar spent by *retail* customers, only about \$0.19 went to purchases of products other than usable marijuana.
- Dispensary purchases of usable marijuana during all of 2016 are estimated at 102,525 lbs. (46.5 metric tons).
- The average per-transaction amount of usable marijuana purchased by dispensaries from June through December 2016 was 1.61 lbs.
- From June through December, the monthly amount of usable marijuana purchased by dispensaries fell, but during the same period, the per-transaction amount that dispensaries purchased increased. Figure 6 highlights this contrast between total dispensary purchases and average transaction amounts.

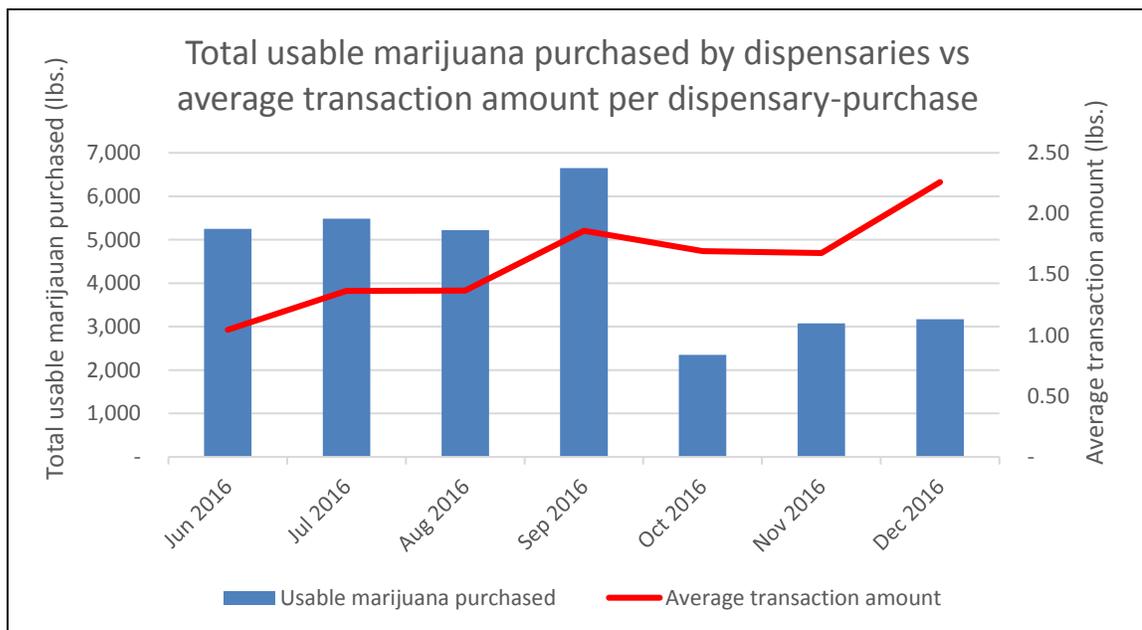


Figure 6

- There is evidence of consolidation in the supply of medical marijuana and medical cannabinoid products. The number of people selling into dispensaries during this measured period was observed to plummet, falling from a high of 1712 unique sellers in June 2016 to 660 unique sellers in December. The decline can be seen in Figure 7.

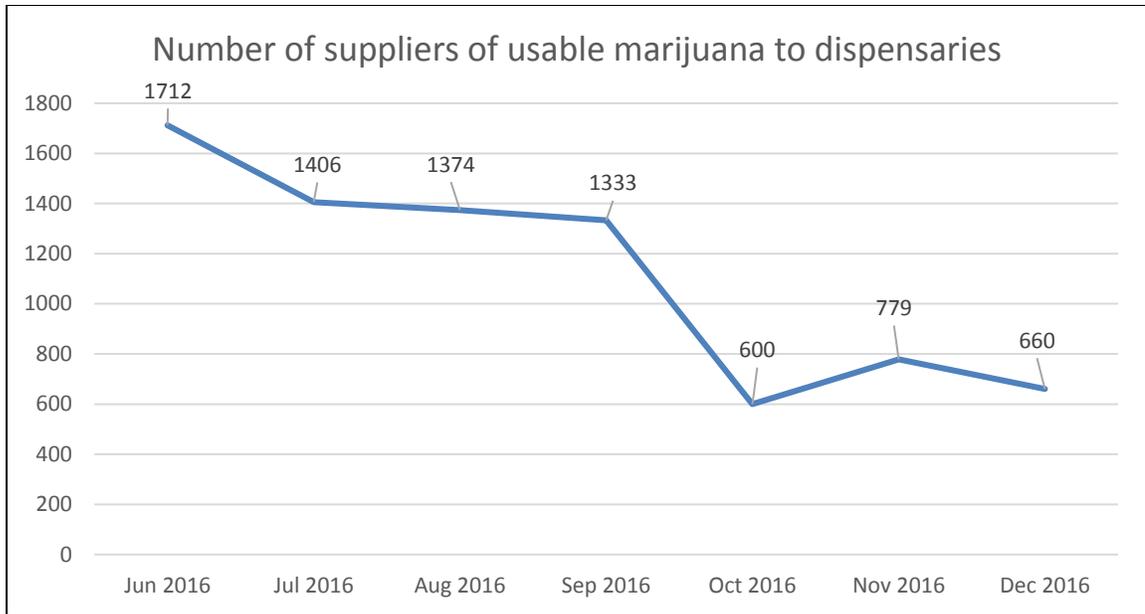


Figure 7

- Taken together, Figures 6 and 7 show that fewer suppliers were selling usable marijuana to dispensaries, and each average supplier was selling more at one time. This appears to be evidence of at least some measure of consolidation in the source of usable medical marijuana and/or the exit of smaller producers and growers.