



Oregon

Tina Kotek, Governor

Liquor & Cannabis Commission

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2023 Recreational Marijuana Supply and Demand Legislative Report

A Letter from OLCC Director Steve Marks

Members of the Oregon State Senate and House of Representatives:

The Oregon Liquor and Cannabis Commission appreciates the opportunity to provide to the Oregon Legislature an inclusive analysis of the supply and demand of adult-use cannabis regulated within Oregon's recreational marijuana market.

This marks the fourth time that OLCC has produced this biennial report and this 2023 version reflects how the regulation of cannabis has changed significantly in the nearly seven years since the OLCC issued the first commercial licenses to grow marijuana. However many constraints remain in place even if they've taken a different form.

The [Cole Memo](#) which provided the de facto federal posture regarding cannabis regulation was [rescinded in 2018](#), but federal barriers remain that prevent Oregon from becoming a legitimate export market.

Meanwhile Oregon's legislators and regulatory agencies have continued the collective work to reduce economic harm to the industry through regular review and reduction of regulations, establishing Executive Branch authority to jump start interstate commerce agreements when the federal government realigns its oversight over marijuana, and striding to extend consumer protections comparable to federal standards regulating other commodities through the creation of a reference lab.

In concert with public health and public safety partners we have warded off illegal activity that has undermined Oregon's legal cannabis industry, upturned our communities, and ravaged our natural resources.

In both short ([Operation Table Rock](#)) and longer term ([Task Force on Cannabis-Derived Intoxicants and Illegal Cannabis Production Legislative Report](#)) actions we have sought to minimize the damage wrought by the 2018 US Farm bill; the unintended consequence of that federal legislation provided cover for the production of illegitimate intoxicating hemp products that have hemorrhaged into the legal adult-use marijuana market.

The industry continues to face economic challenges and the ability to weather the continuing tough times has changed market dynamics. Survivability has driven consolidation through mergers and vertical

integration through acquisitions, but even multi-state operators are retrenching given Oregon's current market situation, conditions mirrored in other medical marijuana and adult-use cannabis jurisdictions.

What we know now is what we've always known about Oregon's (outdoor) cannabis crop, that we have the environment to grow a lot of it, and to grow it well. Oregon consumers are purchasing as much as they can utilize; while OLCC producers continue to fluctuate in number, they are continually adjusting crop targets, all while operating within a fenced market and being subject to economic shocks like the pandemic and its related stimulus spending.

Despite all the challenges, Oregon's cannabis industry has, through the inclusion and transformation of its legacy illegal grow community, the progression of incremental but thoughtful regulation, and the creation of an industry-regulator collaborative vision for the future, managed to remain stable.

Yet given the artificial and real constrictions overshadowing the industry and the corollary reduction of economic activity and tax collections we must continue to nurture our legitimate cannabis (marijuana and hemp) industry; it has not reached maturity. Federal regulatory activity remains uncertain, and we must consider what public policy is needed to protect this nascent industry from an existential crisis in the face of federal inaction.

We will look to the Governor and Legislature during the 2023 legislative session for direction on how to further strengthen our regulated marijuana system by providing stability to the industry, maintaining our obligations to keep our communities and the public safe and secure, and fulfilling our consumer protection responsibility to Oregon's cannabis users.

The 2023 Recreational Marijuana Supply and Demand Legislative Report provides a snapshot of Oregon's cannabis market now in relation to its historic performance. November 2024 will mark ten years since voters approved Measure 91, legalizing recreational marijuana in our state. We hope this report helps as the legislature contemplates the cannabis industry's role in Oregon for the next decade and beyond.

Sincerely,

A handwritten signature in blue ink that reads "Steve Marks". The signature is fluid and cursive, with the first name "Steve" and last name "Marks" clearly legible.

Steve Marks
Executive Director
Oregon Liquor and Cannabis Commission