

Medical pot shops stand to lose under new regulations

By HILLARY BORRUD
Capital Bureau

SALEM — Oregon's medical marijuana businesses stand to lose money under tighter regulations proposed by state lawmakers.

Testimony in Salem recently focused on how patients would suffer if lawmakers pass legislation to limit the size of medical pot gardens and require tracking of cannabis so it doesn't leak into the black market.

Lawmakers are considering the medical program changes as Oregon prepares for the legalization of pot for all adults age 21 and older starting July 1, and the debate has revealed divisions between different cannabis business interests in the state.

Legislators claim the vast majority of marijuana produced under that program is sold by growers on the black market.

Privately, business owners who have profited from Oregon's medical marijuana system acknowledged new regulations would also impact their enterprises.

Oregon's medical marijuana program was created by voters in 1998 to help sick people. Many medical marijuana growers provide free pot to patients through arrangements that provided legal cover for large pot gardens over the years when the medical program was the only sanctioned way to grow cannabis in Oregon.

At any one time, medical marijuana cardholders can have six mature plants and 18 immature plants. Or, cardholders can hire a grower to produce the crop under the same limits. Each grower can serve four patients, but multiple growers often share grow sites.

Anthony Johnson, chief petitioner and co-author of Measure 91 which legalized recreational pot, helps growers find patients through his consulting business Duff Johnson Consulting.

"It's really a small part of Duff Johnson Consulting and hopefully over time will be a service that's no longer needed to be provided," Johnson said of the matchmaking service on Monday. Johnson said the business earns more of its money from consulting with medical marijuana clinics and organizing conferences.

Brent Kenyon, a businessman



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Medical marijuana businesses stand to lose money under tighter regulations being proposed in the Oregon Legislature.

in Medford, operates 17 medical marijuana clinics and three dispensaries around the state. Kenyon did not say directly whether plant limits and the availability of legal pot for all adults would hurt his businesses.

However, Kenyon said "it's a no brainer" for people to sign up for the medical marijuana program when they can receive free marijuana from growers who sell the excess pot to dispensaries. The new recreational system means growers will no longer have to line up patients to justify large gardens, and tighter regulations on medical marijuana could further tamp down the industry.

"The problem is we have so many (medical) growers now that are gonna jump ship," said Kenyon, who also helps connect patients with growers.

Low-income patients depend on this system to obtain their medicine, patients and members of the industry said.

State lawmakers and regulators want to move the largest pot gardens in the state into the new

recreational marijuana system that will legalize, regulate and tax pot for all adults under the authority of the Oregon Liquor Control Commission.

The Oregon medical marijuana program allowed huge gardens to blossom in southern Oregon, including one that served 104 patients with California addresses in 2014. The Oregonian reported in October.

Rob Patridge, chairman of the Oregon Liquor Control Commission, has estimated as much as 75 percent of weed grown under the medical program leaks into the black market.

Tom Towslee, an OLCC spokesman, said this was based on Patridge's conversations with unnamed medical marijuana growers.

Regulators and lawmakers have said they must take steps so that the legal recreational market can succeed and to show federal law enforcement the state is doing its best to prevent Oregon producers from feeding the black market.

The bills lawmakers are con-

sidering would limit medical marijuana grows to 24 to 48 plants outside city limits, and for the first time track the path of medical marijuana from growers to processors, dispensaries and patients.

Rep. Peter Buckley, D-Ashland, introduced House Bill 3400 which would limit medical grows to 48 mature plants per rural grow site. Senate Bill 936, sponsored by several senators and representatives from the Joint Committee On Implementing Measure 91, would limit rural medical gardens to 24 mature plants. Both would cap pot gardens inside city limits at 12 mature plants.

Sen. Ginny Burdick, D-Portland, consulted with cannabis industry lawyer Amy Margolis during the development of Senate Bill 936. Margolis is part of the Cannabis PAC, formerly known as Grow PAC, which represents marijuana businesses across the state and is lobbying for the state to allow co-location of recreational and medical marijuana sales.

"As you know, the Cannabis

PAC has taken no official position on plant counts and that was not my role in those meetings," Margolis wrote in an email Monday. Rather, Margolis wrote that her role was to provide input on the practical application of regulations.

Margolis' name was in the news recently, after it was revealed that OLCC pot czar Tom Burns was fired for lying about a regulatory proposal by members of the medical marijuana industry which Burns forwarded to Margolis.

The proposal came from Kenyon, Johnson and Anthony Taylor, co-founder and legislative liaison for Compassionate Oregon, which describes itself as a patient advocacy organization.

The trio generated the proposal after a March 12 meeting with Patridge, the OLCC chairman. It included an exemption from tracking for growers with 24 or fewer plants, although those growers could apply for permits to sell their excess weed to dispensaries or recreational pot stores.

The group also called for the Oregon Health Authority to set up a program to help cover the cost of marijuana for low-income patients who no longer received free or reduced price pot, and the trio said they would like to form a new group with the OLCC to continue work on the issues.

It's unclear now what the OLCC and lawmakers will do with the medical pot industry's proposal, but Burdick said she expects the marijuana industry will continue to care for patients who need cannabis products.

"I think the industry has been very good at taking care of patients' needs, and I expect that to continue," Burdick said.

Burdick said lawmakers plan to move ahead soon with a bill on plant limits and tracking for medical growers.

"We expect this one to move first," Burdick said of a bill that will address those questions. Then, Burdick said lawmakers can turn their full attention back to implementing the new recreational system.

The Capital Bureau is a collaboration between EO Media Group and Pamplin Media Group.

Senate passes \$7.3 billion school funding

By PETER WONG
Capital Bureau



Capital Bureau

www.dailyastorian.com

SALEM — A \$7.3 billion state school funding measure, though criticized by minority Republicans and education advocates, is on its way to Gov. Kate Brown for her signature.

The Oregon Senate approved the budget on an 18-12 party-line vote Monday, following a debate of more than three hours and action by the House last week.

The fund is \$600 million more than in the current two-year cycle, which ends June 30 — and the current cycle is up \$1 billion from 2011-13, when it was at its lowest during the economic downturn.

The fund supplies the lion's share of school operating costs since voters imposed statewide limits on local property taxes in the 1990s. It is about 40 percent of the \$18.5 billion general fund, which is supported by taxes and lottery proceeds, the most flexible funding sources available to lawmakers.

The budget's floor manager says it will boost per-student funding by

\$100 for most of Oregon's 197 districts and cushion them from most cuts.

"Funding education is a difficult process; there is never enough money," said Sen. Rod Monroe, R-Portland, a retired teacher. "This does not gain anything on our deficit, but it doesn't cut anything, either."

Monroe also said the budget provides \$220 million in state funding for

full-day kindergarten, which lawmakers made mandatory in 2011 and starts this fall.

Sen. Mark Hass, D-Beaverton, said this budget makes good on the Legislature's promise to support full-day kindergarten back then.

"It was not the popular thing to do, but it was right," Hass, who was co-floor manager of the 2011 legislation, said.

But educators told the Legislature's joint budget committee that the fund ought to be at least \$7.5 billion — \$245 million more than is proposed. Among the groups at public hearings in March were delegations from Portland Public Schools, which enroll the

most students in Oregon, and the Forest Grove and North Clackamas districts.

All 12 Republicans joined those critics and voted against it.

"We can do better," said Sen. Alan Olsen, R-Canby.

The bill contains a provision that earmarks for the school fund 40 percent of any additional tax collections projected in the May 14 revenue and economic forecast — the final one before the start of the new budget cycle on July 1.


Leaders said passage of the fund also gives a figure that school boards can plan on as they draw up their own budgets for the 2015-16 school year.

It would be the earliest legislative action on the state school fund since 2011, when lawmakers cleared a budget on April 11.

Republicans proposed several motions to send the fund back to the budget committee, and others to raise more money for it by reducing government regulation of business or selling the Elliott State Forest and reinvesting the proceeds. All failed on party-line votes.

"The K-12 students of Oregon will be the losers," said Senate Minority Leader Ted Ferrioli, R-John Day.

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