



Whitney Economics

Cannabis Employment Estimates House Committee on Economic Development and Trade

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Objective:

The Oregon state legislature has requested information on the number of jobs associated with the Oregon Cannabis industry and a projection of the economic impact the industry is having on the state. This is the initial update related to this request. A more comprehensive update will be published at a future date.

Summary:

- As of February 21, 2017, there are 917 OLCC licensed cannabis businesses and an additional 1,225 applications for a cannabis business. 2,142 in total.
 - The Oregon Employment Department lists 776 cannabis businesses in Oregon.
- There are approximately 12,500 jobs associated with the cannabis industry in Oregon
 - These are jobs that directly touch cannabis and are not jobs associated with auxiliary businesses such as security, regulatory, accounting, consulting, real estate, etc.
 - This is a very conservative estimate and these numbers are expected to increase once the more detailed analysis is completed.
- At an average wage of \$12.13/hour, the total annual wages associated with these jobs are \$315 million
- With a multiplier of 4, this implies that there is \$1.2 billion in economic activity related to these wages

Methodology:

In order to initially estimate the number of jobs in the Oregon cannabis industry, Whitney Economics compiled data from multiple sources. It reviewed data from the Oregon Employment Department, received data on Marijuana handler permits from the Oregon Liquor Control Commission (“OLCC”) and examined the number of grow sites, patient cards and caregivers in the Oregon Health Authority (“OHA”) Medical Marijuana Program (“OMMP”). The intent was to gather as many data points and determine patterns and correlations. This report relies heavily on the OLCC marijuana handler permit data.



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Data:

The Oregon Employment Department listed 776 cannabis related businesses, employing 5,776 individuals at an average wage of \$12.13 per hour. There were \$36 million in wages in Q3, the most recently completed reporting period. On an annualized basis this is \$145 million in wages. The Oregon Employment Department relies on business classifications from the North American Industry Classification System (“NAICS”) to categorize businesses and determine employment numbers. Given that the NAICS is an international agreement and is a US federal system, cannabis is not included in the NAICS due to the federally illegal nature of the industry. The jobs are categorized based on whether the name of the business sounds like a cannabis business. (NOTE: This is not a reflection of the efforts made by the Employment Department. They are ahead of other states in determining employment numbers. Reforms need to be made at the federal level in order to improve the state capabilities.) The Employment Department numbers also do not include temporary or 1099 contract employees. Therefore, the numbers provided by Oregon Employment Department only capture a subset of the total individuals in the cannabis industry, but the data is still valuable nonetheless.

The OLCC has issued 917 cannabis licenses covering all categories of marijuana production, processing, wholesaling, retailing and testing. There are an additional 1,225 applications submitted for review. The OLCC provided data on the number of Marijuana Handler permits issued and requested. As of February 14, 2017, the OLCC had issued 6,272 permits, 4,059 were approved and not paid for and 1,642 were either new, denied or under review. This is a total of 11,937 permit requests. Whitney Economics views this as a more accurate indicator of Oregon cannabis jobs, as individuals in the adult use regulated system cannot work without a handler permit. These numbers are also more inclusive because it also covers temporary and 1099 contract employees. Given the average wage (taken from the Employment Department data) is \$12.13, it does not make economic sense for an individual to pay \$100 for a permit without having a job in hand.

The OHA data as of January 12, 2017 indicate that there are 67,141 patients and 26,631 grow sites in Oregon. There are also 152 medical dispensaries still in operation. Although there are no specific jobs related data published by the OHA, the dispensary related jobs are estimated for this report. No producer, processing or wholesaler medically based jobs were included, but will be researched in future reports.



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Summary

There are approximately 1.5 million jobs in Oregon, and the cannabis businesses that directly touch the product total 12,500. At an average of \$12.13 per hour, this represents annual wages totaling \$315 million. Both the jobs numbers and wages earned are very conservatively estimated and are based on the number of marijuana handler permit applications submitted to the OLCC. A more comprehensive jobs report will be researched and published later in 2017, but this initial update should demonstrate that the cannabis industry is a powerful force in the Oregon economic engine. With additional support at the federal level by having a cannabis specific NAICS code, more granular detail will be available.

Whitney Economics would like to thank the Oregon Employment Department and the OLCC for their support and collaboration on this report.

References and data:

OHA snapshot as of 01-12-17

https://public.health.oregon.gov/DiseasesConditions/ChronicDisease/MedicalMarijuanaProgram/Documents/OMMP_Statistic_Snapshot_01-2017.pdf

Patients, Caregivers, Growers and Grow Sites¹

	Patients	Caregivers	Growers	Grow Sites
Mailing Address in OR	66,291	28,021	36,265	26,631
Mailing Address Outside OR	850	347	89	N/A
Total	67,141	28,368	36,354	26,631



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Patients per Grow Site Address⁴

Patients per ³	Grow Site Address	Patients per ³	Grow Site Address
1	17,563	15	8
2	4,486	16	5
3	1,512	17	4
4	1,055	18	1
5	670	19	1
6	589	24	1
7	507	25	1
8	358	27	1
9	83	31	1
10	36	37	1
11	31	102	1
12	20	114	1
13	12	51,251	26,959
14	11	<i>16,533</i>	<i>No Grow Site</i>

“There are 17,563 grow site addresses with one registered patient, there are 4,486 grow site addresses with two registered patients ... there is one grow site address with 102 registered patients, and there is one grow site address with 114 registered patients. There are 16,533 patients with no grow site address designated.”

https://www.oregon.gov/olcc/marijuana/Documents/mj_app_stats_by_county.pdf

Data as of 02-21-17

Status of Applications by Type

	License Active	Approved Not Paid	Assigned	Ready For Assignment	Without Approved LUCS	Surrendered	Grand Total
Laboratory	19	0	6	0	0	1	26
Processor	74	6	100	19	48	0	247
Producer	426	17	473	111	115	0	1142
Retailer	344	1	181	12	43	0	581
Wholesaler	54	9	45	14	22	0	144
Research	0	0	0	1	1	0	2
Grand Total	917	33	805	157	229	1	2142

https://www.bls.gov/emp/ep_table_201.htm

Labor data

<https://www.bls.gov/eag/eag.or.htm>