

Joint Committee On Implementing Measure 91

**Fiscal:** Fiscal impact issued  
**Revenue:** No revenue impact, statement issued (Indeterminate Impact)

**Action Date:** 06/15/15

**Action:** Do Pass The A-Eng Bill.

**Meeting Dates:** 03/30, 05/20, 05/27, 06/01, 06/03, 06/08, 06/15

**Vote:**

**Senate**

Yeas: 5 - Beyer, Burdick, Ferrioli, Kruse, Prozanski

**House**

Yeas: 5 - Buckley, Helm, Lininger, Olson, Wilson

**Prepared By:** Adam Crawford, Committee Administrator

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**WHAT THE MEASURE DOES:** Requires Oregon Liquor Control Commission (OLCC) to adopt rules restricting size of mature marijuana canopy. Specifies canopy limits are not applicable to premises licensed to propagate immature plants. Allows OLCC to adopt rules creating tiered system for mature marijuana canopy. Allows OLCC to create license allowing medical marijuana growers to sell immature marijuana plants and usable marijuana to growers, wholesalers, processors and retailers if medical marijuana grower meets specific conditions. Specifies grower licensed by OLCC and registered with Oregon Health Authority (OHA) may not possess more plants than allowable by OHA regulations and must use OLCC seed-to-sale tracking system. Requires licensed marijuana producers (growers), marijuana wholesalers (wholesalers), marijuana processors (processors), and marijuana retailers (retailers) be 21 years of age and resident of Oregon for two years. Repeals provision on January 1, 2020. Allows OLCC to require segregated areas for premises that hold multiple licenses. Requires OLCC to develop seed-to-sale tracking system. Requires growers, wholesalers, processors and retailers licensed by OLCC to use seed-to-sale tracking system when transferring marijuana. Establishes authority for OLCC marijuana regulatory specialists, including authority to inspect, arrest, seize and issue citations. Prohibits inspectors from conducting investigations or inspections for purpose of ensuring compliance with Oregon Medical Marijuana Act (OMMA). Allows OLCC to impose civil penalty of not more than \$5,000 per violation. Requires OLCC to establish system for awarding permits to retail workers participating in sale, possession or securing of marijuana at retail establishment. Requires growers, wholesalers, processors and retailers to maintain surety bond and liability insurance. Defines terms.

Allows city and county governing body to adopt ordinances prohibiting operation or establishment of medical marijuana processors, dispensaries as well as recreational growers, processors, wholesalers or retailers so long as that city or county had at least 55 percent of its electors vote against Measure 91. Requires city or county governing body to adopt ordinance within 180 days of effective date. Provides exemptions from ordinance for medical marijuana processors or retailers if certain conditions are met. Removes exemption if registration of medical marijuana dispensary or processing site is revoked. Requires governing body to submit ordinance to electors for approval. Requires city or county to notify OHA if ordinance is passed.

Establishes Legislative Assembly as sole body with authority to tax and regulate marijuana unless otherwise expressly permitted by state law. Allows cities and counties to establish up to three percent tax on marijuana sold by retailers if approved by electors at statewide election. Establishes Marijuana Control and Regulation Fund.

Allows governing body of city or county to adopt regulations on growers, processors, wholesalers and retailers. Requires regulations be consistent with city and county comprehensive plan, zoning ordinances and public health and safety laws. Confirms marijuana is crop for purposes of exclusive farm use law. Prohibits new dwellings and farm stands in conjunction with marijuana crop on land zoned for exclusive farm use.

Requires OHA and OLCC to require all marijuana items sold by either medical marijuana dispensaries or retailers be tested prior to sale or transfer. Requires OHA, in consultation with OLCC and Oregon Department of Agriculture (ODA), to establish standards for testing marijuana items. Requires OLCC to establish rules for licensing testing lab.

Requires OHA to establish rules for accrediting testing lab. Provides exemptions from testing requirement. Allows OHA to impose civil penalty for violations not exceeding \$500 per day.

Requires OHA and OLCC to require all marijuana items transferred or sold be packaged and labeled in manner that ensures public health and safety. Requires OHA, in consultation with OLCC and ODA, to establish standards for packaging and labeling marijuana items. Prohibits ODA from establishing standards for marijuana as food additive, or considering marijuana an adulterant. Allows OHA to enter into agreement with OLCC to inspect and ensure compliance with labeling and packaging requirements. Provides exemptions from packaging and labeling requirements. Allows OHA to impose civil penalty for violations not exceeding \$500 per day.

Establishes Task Force on Cannabis Environmental Best Practices (Task Force). Establishes Task Force roster and rules. Requires Task Force to study use of electrical and water usage associated with growing marijuana. Requires Task Force to report to committee of Legislative Assembly responsible for regulating cannabis no later than September 15, 2016.

Allows OLCC, in conjunction with OHA and ODA, to establish program identifying and certifying private and public researchers of cannabis.

Requires OHA, State Board of Education and Alcohol and Drug Policy Commission to develop curricula on marijuana abuse prevention. Requires OHA to report to Legislative Assembly on or before February 1, 2016 and on or before February 1 of every odd numbered year thereafter.

Provides exemption to specified licensees from criminal laws of Oregon relating to possession, delivery or manufacture of marijuana. Modifies conditions and class of felony or misdemeanor for specified marijuana laws regarding possession, delivery and production of marijuana.

Requires OLCC to report to Legislative Assembly on or before February 1 of every odd numbered year approximate amount of marijuana produced and sold and whether supply of marijuana in Oregon is commensurate with demand. Requires OLCC to examine available research on influence of marijuana on ability of person to operate vehicle and report to interim committees of Legislative Assembly related to judiciary on or before January 1, 2017.

Requires medical marijuana registry identification cardholders (cardholders), medical marijuana growers (growers), medical marijuana processors (processors) and medical marijuana dispensaries (dispensaries) be registered with OHA. Provides exemptions for licensing. Describes OHA licensing process for cardholders, growers, processors and dispensaries. Requires Oregon residency to receive registry identification card. Requires at least two years of Oregon residency for growers, processors and those persons responsible for dispensaries. Requires OHA to confirm growers, processors, person responsible for marijuana dispensaries are 21 years of age and residents of Oregon for at least two years until January 1, 2020. Limits grower to 24 mature plants if grow site is within city limits and in location zoned for residential use or 96 mature plants if grow site is not in previously described area, so long as grow site was registered with OHA prior to January 1, 2015. Limits grower to 12 mature plants if grow site is within city limits and in location zoned for residential use or 48 mature plants if grow site is not in previously described area if grower registers grow site after December 31, 2014. Limits amount of usable marijuana grower may possess to 12 pounds per outdoor plant or 6 pounds per indoor plant. Requires grower to reduce plant count if specific events occur. Establishes tracking system for growers, processors and dispensaries. Allows OHA to inspect only marijuana grow sites of persons designated to produce marijuana for other cardholders. Allows cardholder to reimburse person responsible for grow site for all costs associated with production of marijuana. Requires OHA to establish by rule, public health and safety standards for processor of cannabinoid edibles, concentrates and extracts. Allows OHA to provide information regarding grow site, processing site or dispensary to law enforcement or regulatory agency of city or county. Prohibits OHA from providing specified information. Requires OHA to provide information to law enforcement agencies if OHA suspends registration, revokes registry or takes disciplinary action against grower, processor or dispensary. Specifies those convicted of Class A or B felony relating to manufacture or delivery of controlled substance may not be designated as person responsible for grow site for two years.

Allows local governments to enact reasonable regulations on grow sites, processing sites and dispensaries. Allows dispensary to remain at current location if school is established within 1,000 feet of dispensary. Allows marijuana processing facilities to be located in residential areas so long as processor does not process cannabinoid extracts.

Establishes January 1, 2016 or March 1, 2016 as operative date for specified parts of measure. Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

- Oregon Medical Marijuana Act provisions
- Requirements for tracking of marijuana
- Recreational marijuana regulatory agencies
- Interaction between medical and recreational markets
- Supply of marijuana currently grown in Oregon

**EFFECT OF COMMITTEE AMENDMENT:**

Replaces measure.

**BACKGROUND:**

In 1998, Oregon voters approved Ballot Measure 67 to allow medical use of marijuana within specified limits. The Oregon Medical Marijuana Program (OMMP) under the Oregon Health Authority (OHA) administers the program regulating medical marijuana. The Oregon Medical Marijuana Act (OMMA) governs the OMMP and has been frequently modified since its passage. In 2014, Oregon voters approved Ballot Measure 91 (Measure 91) to allow the recreational sale and use of marijuana.

House Bill 3400 A would require the OHA to create a database that would track the production, processing and transfer of medical marijuana. The measure requires OLCC to create a seed-to-sale tracking system for recreational marijuana and set limits on the size of recreational grow site canopies for mature marijuana plants. House Bill 3400 A also vests sole authority to tax or impose fees on either medical or recreational marijuana with the Legislative Assembly. The measure would also limit the number of plants allowable under the OMMA at individual grow sites within city limits zoned for residential use and at all other sites. House Bill 3400 A also allows local governing boards to adopt ordinances prohibiting marijuana operations within their jurisdiction. However, if a local jurisdiction prohibits any marijuana operation, they cannot receive any funds from marijuana taxation. The measure creates standards for testing laboratories. The measure also requires OHA and OLCC to create rules regarding the packaging and labeling of marijuana items in the medical and recreational markets.

