

REVENUE: May have revenue impact, statement not yet issued

FISCAL: May have fiscal impact, statement not yet issued

SUBSEQUENT REFERRAL TO:

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Action:

Vote:

Yeas:

Nays:

Exc.:

Prepared By: Adam Crawford, Administrator

Meeting Dates: 2/2, 2/9

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**WHAT THE MEASURE DOES:** Repeals requirement that Oregon Liquor Control Commission (OLCC) licensed marijuana producers (growers), marijuana wholesalers (wholesalers), marijuana processors (processors), and marijuana retailers (retailers) be resident of Oregon for two years. Directs OLCC to adopt rules allowing OHA registrants who apply for and receive OLCC licenses to transfer inventory into the OLCC system. Exempts information submitted by OLCC license applicant from public disclosure. Requires OLCC to adopt rules to increase viability of marijuana growers of limited size and revenue. Requires OLCC to report to specified Legislative committees on rules adopted by January 1, 2017.

Repeals requirement that Oregon Health Authority (OHA) registered grow sites, processors, and retailers be resident of Oregon for two years. Directs OHA to establish youth marijuana-use prevention pilot project (project). Establishes guidelines for selecting implantation areas of project. Appropriates funds for project. Allows Oregon Medical Marijuana Program (OMMP) growers to enter into personal agreements to provide marijuana to multiple OMMP cardholders with their existing plant counts. Allows OMMP cardholders who are on post-prison supervision and parole to consume marijuana. Requires OHA to approve or deny application for OMMP registrant within 30 days of receipt of completed application. Allows applicant for OMMP registration to use completed application receipt as registry identification card for 30 days following date upon which receipt was issued. Requires OHA to convene work group to develop recommendations on clinical guidelines for physicians who prescribe marijuana. Requires OHA to report work group recommendations to specified Legislative committees on or before January 1, 2017. Requires OHA to report to specified Legislative committees on rules adopted or steps taken relating to recalling contaminated or unfit marijuana or marijuana derived products on or before January 1, 2017.

Amends criminal penalties relating to marijuana crimes. Specifies open container offenses relating to marijuana. Allows governing board of city or county to repeal ordinances prohibiting establishment of one or more types of licensed or registered marijuana establishments. Allows Governor or Governor's designee to enter into agreements with federally recognized Indian tribes to allow for cross-jurisdictional enforcement and coordination of marijuana-related businesses on tribal lands. Establishes operative dates for specified parts of measure. Declares emergency, effective on passage.

#### ISSUES DISCUSSED:

**EFFECT OF COMMITTEE AMENDMENT:** (-3 amendment) Replaces measure. Repeals requirement that Oregon Liquor Control Commission (OLCC) licensed marijuana producers (growers), marijuana wholesalers (wholesalers), marijuana processors (processors), and marijuana retailers (retailers) be resident of Oregon for two years. Directs OLCC to adopt rules allowing OHA registrants who apply for and receive OLCC licenses to transfer inventory into the OLCC system. Exempts information submitted by OLCC license applicant from public disclosure. Prohibits retailer from discounting marijuana item or offer marijuana item for free if sale of item is made in conjunction with retail sale of other item. Requires OLCC to adopt rules to increase viability of marijuana growers of limited size and revenue. Requires OLCC to report to specified Legislative committees on rules adopted by January 1, 2017.

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*This summary has not been adopted or officially endorsed by action of the committee.*

Repeals requirement that Oregon Health Authority (OHA) registered grow sites, processors, and retailers be resident of Oregon for two years. Directs OHA to establish youth marijuana-use prevention pilot project (project). Establishes guidelines for selecting implantation areas of project. Allows Oregon Medical Marijuana Program (OMMP) growers to enter into personal agreements to provide marijuana to multiple OMMP cardholders with their existing plant counts. Requires OHA to approve or deny application for OMMP registrant within 30 days of receipt of completed application. Allows applicant for OMMP registration to use completed application receipt as registry identification card for 30 days following date upon which receipt was issued. Establishes fee for all veterans registering for the OMMP program at twenty dollars. Requires OHA to convene work group to develop recommendations on clinical guidelines for physicians who prescribe marijuana. Requires OHA to report work group recommendations to specified Legislative committees on or before January 1, 2017. Requires OHA to report to specified Legislative committees on rules adopted or steps taken relating to recalling contaminated or unfit marijuana or marijuana derived products on or before January 1, 2017.

Amends criminal penalties relating to marijuana crimes. Amends Oregon consumption of marijuana in a vehicle while on the highway is Class B violation. Allows governing board of city or county to repeal ordinances prohibiting establishment of one or more types of licensed or registered marijuana establishments. Allows Governor or Governor's designee to enter into agreements with federally recognized Indian tribes to allow for cross-jurisdictional enforcement and coordination of marijuana-related businesses on tribal lands. Requires agreements include enforceable public health and safety standards. Requires conditions of supervision for OMMP cardholders who are released from prison or jail, or enter into a diversion agreement related to marijuana use must be imposed in same manner as conditions of supervision related to prescription drugs. Allows all marijuana establishments to deduct business expenses allowable under section 280E of the Internal Revenue Code when filing a state tax return. Establishes operative dates for specified parts of measure. Declares emergency, effective on passage.

(-5 amendment) Modifies -3 amendment. Allows marijuana processor to transfer medical cannabinoid product, concentrate, or extract to OMMP cardholder or designated primary caregiver if OMMP cardholder or designated caregiver provided marijuana processor with marijuana to be processed into medical cannabinoid product, concentrate, or extract. Allows OMMP cardholder or designated caregiver to reimburse marijuana processor for all costs associated with processing transferred product.

(-6 amendment) Modifies -3 amendment. Removes requirement OLCC license applicant obtain a land use compatibility statement if applicant is applying for license at an existing marijuana grow site address in good standing, in operation since January 1, 2015, and applying for marijuana plant canopy no larger than 10,000 square feet. Exempts marijuana grow site from local city or county ordinances if grow site was registered with OHA since January 1, 2015 and in good standing.

(-7 amendment) Modifies -3 amendment. Requires marijuana producers licensed by OLCC and persons responsible for marijuana grow site registered by OHA be residents of Oregon for at least 2 years.

(-8 amendment) Modifies -3 amendment. Requires persons responsible for marijuana grow site registered by OHA be residents of Oregon for at least 2 years. Requires marijuana producers licensed by OLCC be residents of Oregon for at least 2 years except if license holder also applies for marijuana retailer and, if intending to process marijuana, marijuana processor license. Specifies license holders indicated may only sell marijuana items directly to consumers, and no other OLCC license holders. Directs OLCC to adopt rules establishing minimum marijuana plant canopy size for indicated license holders.

**BACKGROUND:** In 1998, Oregon voters approved Ballot Measure 67 to allow medical use of marijuana within specified limits. In 2014, Oregon voters passed Measure 91 allowing the sale, regulation and taxation of marijuana into a recreational market for people over 21 years of age. Both of the measures were modified during the 2015 Legislative Session, primarily in House Bill 3400 A (2015). Some of these changes include requiring licensees of the recreational system or registrants of the medical system to be Oregon residents for at least two years.

House Bill 4014 makes a series of changes to the laws regulating the production, processing, sale, transfer, or use of marijuana. These changes include repealing the two year residency requirement, changing the classification of criminal

penalties relating to specified marijuana crimes, and allowing OMMP growers, processors, and retailers to transfer over inventory when becoming an OLCC licensee. The bill also requires the OHA to approve or deny OMMP registration applications within 30 days of receipt, and also to conduct a youth prevention pilot project in an urban and a rural area of the state.