

House Bill 2198

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Joint Interim Committee on Marijuana Legalization)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Changes name of Oregon Liquor Control Commission to Oregon Liquor and Cannabis Commission. Changes composition of Oregon Liquor and Cannabis Commission by adding commissioners from cannabis retail industry.

Specifies that Oregon Health Authority may not register marijuana grow sites, marijuana processing sites and medical marijuana dispensaries.

Creates within authority, for purposes of administering Oregon Medical Marijuana Act, Medical Use of Cannabis Board. Becomes operative June 30, 2018.

Repeals provisions regulating marijuana grow sites, marijuana processing sites and medical marijuana dispensaries on June 30, 2018. Updates and creates provisions providing for licensing of marijuana grow sites, marijuana processing sites and medical marijuana dispensaries by Oregon Liquor Control Commission. Makes other technical changes to laws regulating cannabis.

Creates alternate registry system administered by State Department of Agriculture for growers that produce marijuana for registry identification cardholders. Directs Oregon Liquor and Cannabis Commission to coordinate with department for purpose of regulating marijuana producers.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to cannabis; creating new provisions; amending ORS 25.750, 25.756, 25.780, 165.117, 165.805,
3 167.402, 181A.010, 181A.265, 181A.275, 181A.355, 181A.550, 181A.840, 181A.845, 221.770, 221.785,
4 238.005, 244.045, 244.050, 279A.025, 297.210, 431A.183, 459.992, 459A.700, 459A.702, 459A.705,
5 459A.715, 459A.717, 459A.718, 459A.725, 459A.730, 459A.735, 459A.737, 459A.738, 459A.739,
6 461.217, 471.001, 471.038, 471.039, 471.040, 471.105, 471.115, 471.130, 471.155, 471.157, 471.159,
7 471.162, 471.166, 471.168, 471.175, 471.180, 471.182, 471.184, 471.186, 471.190, 471.200, 471.223,
8 471.227, 471.230, 471.235, 471.242, 471.244, 471.251, 471.268, 471.274, 471.282, 471.292, 471.294,
9 471.297, 471.302, 471.305, 471.311, 471.313, 471.315, 471.316, 471.322, 471.326, 471.327, 471.329,
10 471.331, 471.333, 471.341, 471.342, 471.344, 471.346, 471.351, 471.360, 471.380, 471.385, 471.390,
11 471.396, 471.400, 471.403, 471.404, 471.405, 471.410, 471.412, 471.425, 471.430, 471.442, 471.446,
12 471.473, 471.475, 471.478, 471.480, 471.482, 471.495, 471.500, 471.510, 471.541, 471.542, 471.547,
13 471.549, 471.551, 471.553, 471.557, 471.559, 471.561, 471.565, 471.567, 471.605, 471.610, 471.615,
14 471.630, 471.645, 471.666, 471.695, 471.700, 471.703, 471.705, 471.710, 471.715, 471.720, 471.725,
15 471.730, 471.732, 471.735, 471.740, 471.745, 471.747, 471.750, 471.752, 471.754, 471.757, 471.760,
16 471.765, 471.770, 471.775, 471.790, 471.795, 471.800, 471.805, 471.810, 471.817, 473.020, 473.030,
17 473.045, 473.047, 473.050, 473.060, 473.065, 473.070, 473.080, 473.100, 473.110, 473.120, 473.130,
18 473.140, 473.150, 473.160, 473.170, 474.115, 475B.015, 475B.025, 475B.030, 475B.033, 475B.035,
19 475B.040, 475B.045, 475B.050, 475B.055, 475B.060, 475B.063, 475B.065, 475B.068, 475B.070,
20 475B.075, 475B.090, 475B.100, 475B.110, 475B.115, 475B.125, 475B.130, 475B.135, 475B.140,
21 475B.145, 475B.150, 475B.160, 475B.170, 475B.180, 475B.185, 475B.190, 475B.195, 475B.200,
22 475B.205, 475B.210, 475B.215, 475B.218, 475B.230, 475B.233, 475B.235, 475B.240, 475B.245,
23 475B.255, 475B.260, 475B.290, 475B.295, 475B.300, 475B.305, 475B.310, 475B.325, 475B.340,

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 475B.345, 475B.350, 475B.353, 475B.355, 475B.358, 475B.365, 475B.370, 475B.375, 475B.399,
 2 475B.410, 475B.415, 475B.418, 475B.428, 475B.430, 475B.433, 475B.445, 475B.460, 475B.475,
 3 475B.478, 475B.480, 475B.490, 475B.505, 475B.507, 475B.510, 475B.517, 475B.525, 475B.555,
 4 475B.560, 475B.570, 475B.575, 475B.605, 475B.610, 475B.615, 475B.620, 475B.625, 475B.630,
 5 475B.635, 475B.645, 475B.705, 475B.730, 475B.750, 475B.800, 565.515, 576.768, 576.771, 659A.320
 6 and 802.250 and section 4, chapter 106, Oregon Laws 2013, section 1, chapter 221, Oregon Laws
 7 2015, sections 9, 10 and 11, chapter 23, Oregon Laws 2016, sections 15, 22, 25, 30, 33 and 47,
 8 chapter 24, Oregon Laws 2016, sections 9 and 9a, chapter 71, Oregon Laws 2016, sections 2, 3,
 9 4, 5, 6 and 29b, chapter 83, Oregon Laws 2016, and sections 2, 3 and 6, chapter 97, Oregon Laws
 10 2016; repealing ORS 475B.420, 475B.423, 475B.425, 475B.435, 475B.438, 475B.440, 475B.443,
 11 475B.450, 475B.453, 475B.455, 475B.458, 475B.462, 475B.464, 475B.468, 475B.469, 475B.470,
 12 475B.495, 475B.500, 475B.505, 475B.520, 475B.580, 475B.640 and 475B.650 and sections 2, 13, 14,
 13 20 and 22, chapter 23, Oregon Laws 2016, section 25, chapter 24, Oregon Laws 2016, section 29,
 14 chapter 83, Oregon Laws 2016, and section 4, chapter 97, Oregon Laws 2016; and prescribing
 15 an effective date.

16 **Be It Enacted by the People of the State of Oregon:**

17
 18 **NAME OF COMMISSION AND ACCOUNT**
 19 **EFFECTIVE 91ST DAY AFTER ADJOURNMENT SINE DIE**
 20

21 **SECTION 1. (1)(a) The amendments to ORS 471.705 by section 2 of this 2017 Act are in-**
 22 **tended to change the name of the “Oregon Liquor Control Commission” to the “Oregon Li-**
 23 **quor and Cannabis Commission.”**

24 **(b) For the purpose of harmonizing and clarifying statutory law, the Legislative Counsel**
 25 **may substitute for words designating the “Oregon Liquor Control Commission,” wherever**
 26 **they occur in statutory law, other words designating the “Oregon Liquor and Cannabis**
 27 **Commission.”**

28 **(2)(a) The amendments to ORS 471.805 by section 277 of this 2017 Act are intended to**
 29 **change the name of the “Oregon Liquor Control Commission Account” to the “Oregon Liquor**
 30 **and Cannabis Commission Account.”**

31 **(b) For the purpose of harmonizing and clarifying statutory law, the Legislative Counsel**
 32 **may substitute for words designating the “Oregon Liquor Control Commission Account,”**
 33 **wherever they occur in statutory law, other words designating the “Oregon Liquor and**
 34 **Cannabis Commission Account.”**

35
 36 **COMPOSITION OF COMMISSION**
 37 **EFFECTIVE 91ST DAY AFTER ADJOURNMENT SINE DIE**
 38

39 **SECTION 2. ORS 471.705 is amended to read:**

40 471.705. (1) There is created the Oregon Liquor [*Control*] **and Cannabis** Commission, consisting
 41 of [*five persons*] **nine commissioners** appointed by the Governor. [*One member shall be from among*
 42 *the bona fide residents of each congressional district of the state. One member shall be from the food*
 43 *and alcoholic beverage retail industry. Not more than three commissioners shall be of the same political*
 44 *party and one shall be designated by the Governor to be chairperson of the commission. The commis-*
 45 *sioners are entitled to compensation and expenses as provided in ORS 292.495.] **The Governor’s ap-***

1 **pointments must include at least one resident from each congressional district of this state.**
 2 **One commissioner must be from the food and alcoholic beverage retail industry. Four com-**
 3 **missioners must be from the cannabis retail industry.**

4 (2) **The Governor may not appoint more than five commissioners from the same political**
 5 **party.**

6 (3) **The Governor shall appoint one commissioner to be the chairperson of the commis-**
 7 **sion.**

8 (4) Each commissioner at the time of appointment [*and qualification shall*] **must** be a resident
 9 of this state and [*shall*] **must** have resided in this state for at least five years next preceding ap-
 10 pointment and qualification. [*The*] **Each** commissioner [*shall*] **must** be an elector [*therein*] **in this**
 11 **state** and **must be** not less than 30 years of age. [*A commissioner shall cease to hold office*] **The**
 12 **term of office of a commissioner terminates** if the commissioner ceases to possess the residency
 13 or industry qualification for appointment [*and*]. **If the term of office of a commissioner termi-**
 14 **nates under this subsection,** the Governor shall appoint a qualified individual to complete the
 15 unexpired term **of the commissioner.**

16 [(2)] (5) The term of office of a commissioner [*shall be*] **is** four years from the time of appoint-
 17 ment and qualification and until a successor qualifies **for appointment.** The terms of the commis-
 18 sioners [*shall*] commence April 1. [*In case any*] **If a** commissioner is allowed to hold [*over*] **office**
 19 after the expiration of [*the*] **a** term, the [*successor shall be appointed*] **Governor shall appoint the**
 20 **successor** for the [*balance*] **remainder** of the unexpired term. [*Vacancies in the commission shall*
 21 *be filled by the Governor for the unexpired term.*] **If a vacancy occurs in the commission, the**
 22 **Governor shall appoint the successor for the remainder of the unexpired term.** Each commis-
 23 sioner is eligible for reappointment, but [*no person shall be*] **an individual is not** eligible to serve
 24 for more than two full terms.

25 (6) **The commissioners are entitled to compensation and expenses as provided in ORS**
 26 **292.495.**

27 [(3)] (7) [*All*] Appointments of commissioners by the Governor **under this section** are subject
 28 to confirmation by the Senate pursuant to section 4, Article III, Oregon Constitution.

29
 30 **THE OREGON MEDICAL MARIJUANA ACT**

31
 32 **(Transitional Provisions)**

33 **(Effective 91st Day After Adjournment Sine Die)**

34
 35 **SECTION 3.** Notwithstanding ORS 475B.415, 475B.420, 475B.435 and 475B.450, on and after
 36 the effective date of this 2017 Act, the Oregon Health Authority may not register a
 37 marijuana grow site under ORS 475B.420, a marijuana processing site under ORS 475B.435
 38 or a medical marijuana dispensary under ORS 475B.450.

39 **SECTION 4.** On the operative date specified in section 315 of this 2017 Act, the exemption
 40 from criminal liability for possession, delivery or manufacture of marijuana, aiding and
 41 abetting another in the possession, delivery or manufacture of marijuana, or any other
 42 criminal offense in which possession, delivery or manufacture of marijuana is an element
 43 ceases for:

44 (1) A person who is responsible for or is employed by a marijuana grow site registered
 45 under ORS 475B.420.

1 **(2) A person who owns, is responsible for or is employed by a marijuana processing site**
2 **registered under ORS 475B.435.**

3 **(3) A person who owns, is responsible for or is employed by a medical marijuana**
4 **dispensary registered under ORS 475B.450.**

5 **SECTION 5.** Section 25, chapter 24, Oregon Laws 2016, is amended to read:

6 **Sec. 25.** (1) The Oregon Liquor [*Control*] **and Cannabis** Commission shall adopt by rule proce-
7 dures by which:

8 (a) A person responsible for a marijuana grow site registered under ORS 475B.420, or, if multiple
9 persons responsible for a marijuana grow site registered under ORS 475B.420 are located at the
10 same address, each person responsible for a marijuana grow site located at the address, may apply
11 for a license **to be issued** under ORS 475B.070 to transition, **before the operative date specified**
12 **in section 315 of this 2017 Act**, from being registered by the Oregon Health Authority to being
13 licensed by the commission;

14 (b) A marijuana processing site registered under ORS 475B.435 may apply for a license **to be**
15 **issued** under ORS 475B.090 to transition, **before the operative date specified in section 315 of**
16 **this 2017 Act**, from being registered by the authority to being licensed by the commission; and

17 (c) A medical marijuana dispensary registered under ORS 475B.450 may apply for a license **to**
18 **be issued** under ORS 475B.110 to transition, **before the operative date specified in section 315**
19 **of this 2017 Act**, from being registered by the authority to being licensed by the commission.

20 (2)(a) In adopting rules under this section, the commission shall adopt, at a minimum, procedures
21 by which the inventory possessed by a person responsible for a marijuana grow site, a marijuana
22 processing site or a medical marijuana dispensary on the date on which the person responsible for
23 a marijuana grow site, the marijuana processing site or the medical marijuana dispensary is first
24 subject to tracking by the commission under ORS 475B.150:

25 (A) May be delivered [*to a premises for which a license has been issued under ORS 475B.090,*
26 *475B.100 or 475B.110*] **as allowed under ORS 475B.160**; or

27 (B) May be sold to consumers by marijuana retailers that hold a license **issued** under ORS
28 475B.110.

29 (b) Procedures adopted under this subsection must require a person responsible for a marijuana
30 grow site registered under ORS 475B.420, or, if multiple persons responsible for a marijuana grow
31 site registered under ORS 475B.420 are located at the same address, each person responsible for a
32 marijuana grow site located at the address, to return to an individual to whom a registry identifi-
33 cation card has been issued under ORS 475B.415, and for whom the person or persons are producing
34 marijuana, all the marijuana and usable marijuana owned by the individual, except as otherwise al-
35 lowed under a personal agreement entered into under ORS 475B.425[,]:

36 **(A)** At the time that the person or the persons receive a license under ORS 475B.070; **or**

37 **(B)** **Before the operative date specified in section 315 of this 2017 Act.**

38 **SECTION 6.** A premises for which an application is submitted under ORS 475B.040, and
39 where a marijuana grow site registered under ORS 475B.420, a marijuana processing site
40 registered under ORS 475B.435 or medical marijuana dispensary registered under ORS
41 475B.450 is located on the date immediately preceding the date on which the applicant sub-
42 mits the application, is not subject to any state law or rule or local ordinance or regulation
43 that prohibits the premises from occupying that location if the law, rule, ordinance or reg-
44 ulation does not apply to the marijuana grow site, marijuana processing site or medical
45 marijuana dispensary on the date immediately preceding the date on which the applicant

1 submits the application.

2
3 (Amendments)

4 (Effective 91st Day After Adjournment Sine Die)

5
6 **SECTION 7.** ORS 475B.410 is amended to read:

7 475B.410. As used in ORS 475B.400 to 475B.525:

8 (1) "Attending physician" means a physician licensed under ORS chapter 677 who has primary
9 responsibility for the care and treatment of a person diagnosed with a debilitating medical condition.

10 (2) "Cannabinoid" means any of the chemical compounds that are the active constituents of
11 marijuana.

12 (3) "Cannabinoid concentrate" means a substance obtained by separating cannabinoids from
13 marijuana by:

14 (a) A mechanical extraction process;

15 (b) A chemical extraction process using a nonhydrocarbon-based solvent, such as **water**, vege-
16 table glycerin, vegetable oils, animal fats, isopropyl alcohol or ethanol;

17 (c) A chemical extraction process using [*the hydrocarbon-based solvent*] carbon dioxide, provided
18 that the process does not involve the use of high heat or pressure; or

19 (d) Any other process identified by the Oregon Health Authority, in consultation with the
20 Oregon Liquor [*Control*] **and Cannabis** Commission, by rule.

21 (4) "Cannabinoid edible" means food or potable liquid into which a cannabinoid concentrate,
22 cannabinoid extract or dried leaves or flowers of marijuana have been incorporated.

23 (5) "Cannabinoid extract" means a substance obtained by separating cannabinoids from
24 marijuana by:

25 (a) A chemical extraction process using a hydrocarbon-based solvent, such as butane, hexane
26 or propane;

27 (b) A chemical extraction process using [*the hydrocarbon-based solvent*] carbon dioxide, if the
28 process uses high heat or pressure; or

29 (c) Any other process identified by the [*Oregon Health*] authority, in consultation with the
30 [*Oregon Liquor Control*] commission, by rule.

31 (6) "Debilitating medical condition" means:

32 (a) Cancer, glaucoma, a degenerative or pervasive neurological condition, positive status for
33 human immunodeficiency virus or acquired immune deficiency syndrome, or a side effect related to
34 the treatment of those medical conditions;

35 (b) A medical condition or treatment for a medical condition that produces, for a specific pa-
36 tient, one or more of the following:

37 (A) Cachexia;

38 (B) Severe pain;

39 (C) Severe nausea;

40 (D) Seizures, including seizures caused by epilepsy; or

41 (E) Persistent muscle spasms, including spasms caused by multiple sclerosis;

42 (c) Post-traumatic stress disorder; or

43 (d) Any other medical condition or side effect related to the treatment of a medical condition
44 adopted by the Oregon Health Authority by rule or approved by the authority pursuant to a petition
45 filed under ORS 475B.517.

- 1 (7)(a) “Delivery” has the meaning given that term in ORS 475.005.
- 2 (b) “Delivery” does not include transfer of marijuana by a registry identification cardholder to
3 another registry identification cardholder if no consideration is paid for the transfer.
- 4 (8)(a) “Designated primary caregiver” means an individual:
- 5 (A) Who is 18 years of age or older;
- 6 (B) Who has significant responsibility for managing the well-being of a person who has been
7 diagnosed with a debilitating medical condition; and
- 8 (C) Who is designated as the person responsible for managing the well-being of a person who
9 has been diagnosed with a debilitating medical condition on that person’s application for a registry
10 identification card or in other written notification submitted to the authority.
- 11 (b) “Designated primary caregiver” does not include a person’s attending physician.
- 12 (9) “High heat” means a temperature exceeding 180 degrees.
- 13 (10) “Immature marijuana plant” means a marijuana plant that is not flowering.
- 14 (11)(a) “Marijuana” means the plant Cannabis family Cannabaceae, any part of the plant
15 Cannabis family Cannabaceae and the seeds of the plant Cannabis family Cannabaceae.
- 16 (b) “Marijuana” does not include industrial hemp, as defined in ORS 571.300.
- 17 (12) “Marijuana grow site” means a location registered under ORS 475B.420 where marijuana
18 is produced for use by a registry identification cardholder.
- 19 (13) “Marijuana processing site” means a marijuana processing site registered under ORS
20 475B.435 or a site for which an applicant has submitted an application for registration under ORS
21 475B.435.
- 22 (14) “Mature marijuana plant” means a marijuana plant that is not an immature marijuana
23 plant.
- 24 (15)(a) “Medical cannabinoid product” means a cannabinoid edible and any other product in-
25 tended for human consumption or use, including a product intended to be applied to a person’s skin
26 or hair, that contains cannabinoids or dried leaves or flowers of marijuana.
- 27 (b) “Medical cannabinoid product” does not include:
- 28 (A) Usable marijuana by itself;
- 29 (B) A cannabinoid concentrate by itself;
- 30 (C) A cannabinoid extract by itself; or
- 31 (D) Industrial hemp, as defined in ORS 571.300.
- 32 (16) “Medical marijuana dispensary” means a medical marijuana dispensary registered under
33 ORS 475B.450 or a site for which an applicant has submitted an application for registration under
34 ORS 475B.450.
- 35 (17) “Medical use of marijuana” means the production, processing, possession, delivery or ad-
36 ministration of marijuana, or use of paraphernalia used to administer marijuana, to mitigate the
37 symptoms or effects of a debilitating medical condition.
- 38 (18) “Person designated to produce marijuana by a registry identification cardholder” means a
39 person designated to produce marijuana by a registry identification cardholder under ORS 475B.420
40 who produces marijuana for a registry identification cardholder at an address other than the address
41 where the registry identification cardholder resides or at an address where more than 12 mature
42 marijuana plants are produced.
- 43 (19) “Process” means the compounding or conversion of marijuana into medical cannabinoid
44 products, cannabinoid concentrates or cannabinoid extracts.
- 45 (20) “Production” means:

1 (a) Planting, cultivating, growing, trimming or harvesting marijuana; or

2 (b) Drying marijuana leaves or flowers.

3 (21) "Registry identification card" means a document issued by the Oregon Health Authority
4 under ORS 475B.415 that identifies a person authorized to engage in the medical use of marijuana
5 and, if the person has a designated primary caregiver under ORS 475B.418, the person's designated
6 primary caregiver.

7 (22) "Registry identification cardholder" means a person to whom a registry identification card
8 has been issued under ORS 475B.415.

9 (23)(a) "Usable marijuana" means the dried leaves and flowers of marijuana.

10 (b) "Usable marijuana" does not include:

11 (A) The seeds, stalks and roots of marijuana; or

12 (B) Waste material that is a by-product of producing marijuana.

13 (24) "Written documentation" means a statement signed by the attending physician of a person
14 diagnosed with a debilitating medical condition or copies of the person's relevant medical records.

15 **SECTION 8.** ORS 475B.505 is amended to read:

16 475B.505. Upon request the State Department of Agriculture and the Oregon Liquor [*Control*]
17 **and Cannabis** Commission, pursuant to an agreement or otherwise, shall assist the Oregon Health
18 Authority in implementing and enforcing the provisions of ORS 475B.400 to 475B.525 and rules
19 adopted under the provisions of ORS 475B.400 to 475B.525.

20 **SECTION 9.** ORS 475B.507 is amended to read:

21 475B.507. The Oregon Health Authority, the State Department of Agriculture and the Oregon
22 Liquor [*Control*] **and Cannabis** Commission, and the officers, employees and agents of the authority,
23 department and commission, are immune from any cause of action for the performance of, or the
24 failure to perform, duties required by ORS 475B.400 to 475B.525.

25 **SECTION 10.** ORS 475B.510 is amended to read:

26 475B.510. The Oregon Health Authority, the State Department of Agriculture and the Oregon
27 Liquor [*Control*] **and Cannabis** Commission may possess, seize or dispose of marijuana, usable
28 marijuana, medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts as is
29 necessary for the authority to ensure compliance with and enforce the provisions of ORS 475B.400
30 to 475B.525 and any rule adopted under ORS 475B.400 to 475B.525.

31
32 **(Medical Use of Cannabis Board)**

33 **(Operative June 30, 2018)**

34
35 **SECTION 10a.** Sections 10b and 10c of this 2017 Act are added to and made a part of ORS
36 475B.400 to 475B.525.

37 **SECTION 10b.** (1) For the purpose of administering ORS 475B.400 to 475B.525, the Medical
38 Use of Cannabis Board is established within the Oregon Health Authority.

39 (2) The board consists of the following nine members appointed by the Governor:

40 (a) One member who is a registry identification cardholder;

41 (b) One member who is an attending physician and who has provided written documen-
42 tation for a registry identification cardholder under ORS 475B.415;

43 (c) One member representing:

44 (A) Marijuana producers that hold licenses issued under ORS 475B.070 and that have en-
45 tered into agreements with registry identification cardholders under section 2, chapter 83,

1 Oregon Laws 2016; and

2 (B) Growers of cannabis registered under section 312c of this 2017 Act and that have
 3 entered into agreements with registry identification cardholders under section 312d of this
 4 2017 Act;

5 (d) One member representing marijuana processors that are registered to process
 6 marijuana for medical purposes under section 3, chapter 83, Oregon Laws 2016, and who is
 7 knowledgeable about processing marijuana into medical cannabinoid products and medical
 8 grade cannabinoid concentrates and cannabinoid extracts;

9 (e) One member representing marijuana retailers that are registered to sell marijuana
 10 items at retail for medical purposes under section 5, chapter 83, Oregon Laws 2016, and who
 11 is knowledgeable about the market for medical cannabinoid products and medical grade
 12 cannabinoid concentrates and cannabinoid extracts;

13 (f) One member representing laboratories licensed under ORS 475B.560 that conduct
 14 testing on medical cannabinoid products and medical grade cannabinoid concentrates and
 15 cannabinoid extracts;

16 (g) One member representing entities that research the medical and pharmaceutical
 17 properties of cannabis; and

18 (h) Two members of the public who are advocates for the medical use of marijuana.

19 (3) The board shall administer and enforce ORS 475B.400 to 475B.525.

20 (4) The board may exercise any function or power necessary to administer and enforce
 21 ORS 475B.400 to 475B.525, including the power to administer oaths, take depositions and issue
 22 subpoenas to compel the attendance of witnesses and the production of documents and other
 23 written information.

24 (5) The board may delegate to the authority any of the functions, duties and powers un-
 25 der ORS 475B.400 to 475B.525, except that the board may not delegate any function, duty or
 26 power requiring the adoption of rules under ORS 475B.400 to 475B.525.

27 (6) A majority of the members of the board constitutes a quorum for the transaction of
 28 business.

29 (7) Official action by the board requires the approval of a majority of the members of the
 30 board.

31 (8) The board shall elect one of its members to serve as chairperson.

32 (9) The board shall meet at times and places specified by the call of the chairperson or
 33 of a majority of the members of the board.

34 (10) The term of office of each member of the board is four years, but a member serves
 35 at the pleasure of the Governor. Before the expiration of the term of a member, the Gover-
 36 nor shall appoint a successor whose term begins July 1 next following. A member is eligible
 37 for reappointment, but may not serve consecutive terms. If there is a vacancy for any
 38 cause, the Governor shall make an appointment to become immediately effective for the
 39 unexpired term.

40 (11) Members of the board are entitled to compensation and reimbursement for expenses
 41 as provided in ORS 292.495.

42 **SECTION 10c.** (1) There is established in the State Treasury, separate and distinct from
 43 the General Fund, the Medical Use of Cannabis Fund. Interest earned by the Medical Use of
 44 Cannabis Fund shall be credited to the fund. All moneys in the Medical Use of Cannabis Fund
 45 are continuously appropriated to the Medical Use of Cannabis Board for purposes of admin-

1 **repealing ORS 475B.400 to 475B.525.**

2 **(2) The board shall deposit all fee and penalty moneys collected under ORS 475B.400 to**
3 **475B.525 in the Medical Use of Cannabis Fund.**

4 **SECTION 10d. Notwithstanding the term of office specified by section 10b of this 2017**
5 **Act, of the members first appointed to the Medical Use of Cannabis Board:**

6 **(1) Two shall serve for terms ending June 30, 2019;**

7 **(2) Two shall serve for terms ending June 30, 2020;**

8 **(3) Two shall serve for terms ending June 30, 2021; and**

9 **(4) Three shall serve for terms ending June 30, 2022.**

10 **SECTION 10e. The rules of the Oregon Health Authority adopted under ORS 475B.400 to**
11 **475B.525 that are in effect on the operative date specified in section 315 of this 2017 Act**
12 **continue in effect until superseded or repealed by rules of the Medical Use of Cannabis**
13 **Board.**

14
15 **(Amendments)**
16 **(Operative June 30, 2018)**
17

18 **SECTION 11. ORS 475B.410, as amended by section 7 of this 2017 Act, is amended to read:**

19 **475B.410. As used in ORS 475B.400 to 475B.525:**

20 **(1) “Attending physician” means a physician licensed under ORS chapter 677 who has primary**
21 **responsibility for the care and treatment of a person diagnosed with a debilitating medical condition.**

22 **(2) “Cannabinoid” means any of the chemical compounds that are the active constituents of**
23 **marijuana.**

24 **(3) “Cannabinoid concentrate” means a substance obtained by separating cannabinoids from**
25 **marijuana by:**

26 **(a) A mechanical extraction process;**

27 **(b) A chemical extraction process using a nonhydrocarbon-based solvent, such as water, vege-**
28 **table glycerin, vegetable oils, animal fats, isopropyl alcohol or ethanol;**

29 **(c) A chemical extraction process using carbon dioxide, provided that the process does not in-**
30 **volve the use of high heat or pressure; or**

31 **(d) Any other process identified by the Oregon Health Authority, in consultation with the**
32 **Oregon Liquor and Cannabis Commission, by rule.**

33 **(4) “Cannabinoid edible” means food or potable liquid into which a cannabinoid concentrate,**
34 **cannabinoid extract or dried leaves or flowers of marijuana have been incorporated.**

35 **(5) “Cannabinoid extract” means a substance obtained by separating cannabinoids from**
36 **marijuana by:**

37 **(a) A chemical extraction process using a hydrocarbon-based solvent, such as butane, hexane**
38 **or propane;**

39 **(b) A chemical extraction process using carbon dioxide, if the process uses high heat or pres-**
40 **sure; or**

41 **(c) Any other process identified by the authority, in consultation with the commission, by rule.**

42 **(6) “Debilitating medical condition” means:**

43 **(a) Cancer, glaucoma, a degenerative or pervasive neurological condition, positive status for**
44 **human immunodeficiency virus or acquired immune deficiency syndrome, or a side effect related to**
45 **the treatment of those medical conditions;**

1 (b) A medical condition or treatment for a medical condition that produces, for a specific pa-
 2 tient, one or more of the following:

- 3 (A) Cachexia;
- 4 (B) Severe pain;
- 5 (C) Severe nausea;
- 6 (D) Seizures, including seizures caused by epilepsy; or
- 7 (E) Persistent muscle spasms, including spasms caused by multiple sclerosis;

8 (c) Post-traumatic stress disorder; or
 9 (d) Any other medical condition or side effect related to the treatment of a medical condition
 10 adopted by the [*Oregon Health Authority*] **Medical Use of Cannabis Board** by rule or approved by
 11 the [*authority*] **board** pursuant to a petition filed under ORS 475B.517.

12 (7)(a) “Delivery” has the meaning given that term in ORS 475.005.

13 (b) “Delivery” does not include transfer of marijuana by a registry identification cardholder to
 14 another registry identification cardholder if no consideration is paid for the transfer.

15 (8)(a) “Designated primary caregiver” means an individual:

- 16 (A) Who is 18 years of age or older;
- 17 (B) Who has significant responsibility for managing the well-being of a person who has been
 18 diagnosed with a debilitating medical condition; and

19 (C) Who is designated as the person responsible for managing the well-being of a person who
 20 has been diagnosed with a debilitating medical condition on that person’s application for a registry
 21 identification card or in other written notification submitted to the [*authority*] **board**.

22 (b) “Designated primary caregiver” does not include a person’s attending physician.

23 (9) “High heat” means a temperature exceeding 180 degrees.

24 (10) “Immature marijuana plant” means a marijuana plant that is not flowering.

25 (11)(a) “Marijuana” means the plant Cannabis family Cannabaceae, any part of the plant
 26 Cannabis family Cannabaceae and the seeds of the plant Cannabis family Cannabaceae.

27 (b) “Marijuana” does not include industrial hemp, as defined in ORS 571.300.

28 [(12) “*Marijuana grow site*” means a location registered under ORS 475B.420 where marijuana is
 29 produced for use by a registry identification cardholder.]

30 [(13) “*Marijuana processing site*” means a marijuana processing site registered under ORS
 31 475B.435 or a site for which an applicant has submitted an application for registration under ORS
 32 475B.435.]

33 [(14)] (12) “Mature marijuana plant” means a marijuana plant that is not an immature marijuana
 34 plant.

35 [(15)(a)] (13)(a) “Medical cannabinoid product” means a cannabinoid edible and any other prod-
 36 uct intended for human consumption or use, including a product intended to be applied to a person’s
 37 skin or hair, that contains cannabinoids or dried leaves or flowers of marijuana.

38 (b) “Medical cannabinoid product” does not include:

- 39 (A) Usable marijuana by itself;
- 40 (B) A cannabinoid concentrate by itself;
- 41 (C) A cannabinoid extract by itself; or
- 42 (D) Industrial hemp, as defined in ORS 571.300.

43 [(16) “*Medical marijuana dispensary*” means a medical marijuana dispensary registered under
 44 ORS 475B.450 or a site for which an applicant has submitted an application for registration under
 45 ORS 475B.450.]

1 [(17)] (14) “Medical use of marijuana” means the production, processing, possession, delivery or
 2 administration of marijuana, or use of paraphernalia used to administer marijuana, to mitigate the
 3 symptoms or effects of a debilitating medical condition.

4 [(18)] “Person designated to produce marijuana by a registry identification cardholder” means a
 5 person designated to produce marijuana by a registry identification cardholder under ORS 475B.420
 6 who produces marijuana for a registry identification cardholder at an address other than the address
 7 where the registry identification cardholder resides or at an address where more than 12 mature
 8 marijuana plants are produced.]

9 [(19)] (15) “Process” means the compounding or conversion of marijuana into medical
 10 cannabinoid products, cannabinoid concentrates or cannabinoid extracts.

11 [(20)] (16) “Production” means:

- 12 (a) Planting, cultivating, growing, trimming or harvesting marijuana; or
- 13 (b) Drying marijuana leaves or flowers.

14 [(21)] (17) “Registry identification card” means a document issued by the [*Oregon Health Au-*
 15 *thority*] **board** under ORS 475B.415 that identifies a person authorized to engage in the medical use
 16 of marijuana and, if the person has a designated primary caregiver under ORS 475B.418, the person’s
 17 designated primary caregiver.

18 [(22)] (18) “Registry identification cardholder” means a person to whom a registry identification
 19 card has been issued under ORS 475B.415.

20 [(23)(a)] (19)(a) “Usable marijuana” means the dried leaves and flowers of marijuana.

21 (b) “Usable marijuana” does not include:

- 22 (A) The seeds, stalks and roots of marijuana; or
- 23 (B) Waste material that is a by-product of producing marijuana.

24 [(24)] (20) “Written documentation” means a statement signed by the attending physician of a
 25 person diagnosed with a debilitating medical condition or copies of the person’s relevant medical
 26 records.

27 **SECTION 12.** ORS 475B.415, as amended by section 9, chapter 24, Oregon Laws 2016, and sec-
 28 tion 1, chapter 107, Oregon Laws 2016, is amended to read:

29 475B.415. (1) The [*Oregon Health Authority*] **Medical Use of Cannabis Board** shall establish a
 30 program for the issuance of registry identification cards to applicants who meet the requirements
 31 of this section.

32 (2) The [*authority*] **board** shall issue a registry identification card to an applicant who is 18
 33 years of age or older if the applicant pays a fee in an amount established by the [*authority*] **board**
 34 by rule and submits to the [*authority*] **board** an application containing the following information:

35 (a) Written documentation from the applicant’s attending physician stating that the attending
 36 physician has diagnosed the applicant as having a debilitating medical condition and that the med-
 37 ical use of marijuana may mitigate the symptoms or effects of the applicant’s debilitating medical
 38 condition;

39 (b) The name, address and date of birth of the applicant;

40 (c) The name, address and telephone number of the applicant’s attending physician;

41 (d) Proof of residency, submitted in a form required by the [*authority*] **board** by rule;

42 (e) The name and address of the applicant’s designated primary caregiver, if the applicant is
 43 designating a primary caregiver under ORS 475B.418; and

44 [(f) *The information described in ORS 475B.420 (2), if the applicant is applying to produce*
 45 *marijuana or designate another person under ORS 475B.420 to produce marijuana.*]

1 **(f) The address where the applicant will produce marijuana, if the applicant will produce**
 2 **marijuana for personal use under ORS 475B.400 to 475B.525.**

3 (3)(a) The [authority] **board** shall issue a registry identification card to an applicant who is un-
 4 der 18 years of age if:

5 (A) The applicant pays the fee and submits the application described in subsection (2) of this
 6 section; and

7 (B) The custodial parent or legal guardian who is responsible for the health care decisions of
 8 the applicant signs and submits to the [authority] **board** a written statement that:

9 (i) The applicant’s attending physician has explained to the applicant and to the custodial parent
 10 or legal guardian the possible risks and benefits of the medical use of marijuana;

11 (ii) The custodial parent or legal guardian consents to the medical use of marijuana by the ap-
 12 plicant;

13 (iii) The custodial parent or legal guardian agrees to serve as the applicant’s designated primary
 14 caregiver; and

15 (iv) The custodial parent or legal guardian agrees to control the acquisition, dosage and fre-
 16 quency of the medical use of marijuana by the applicant.

17 (b) An applicant who is under 18 years of age may not [apply to] produce marijuana **for per-**
 18 **sonal use** under [subsection (2)(f) of this section] **ORS 475B.400 to 475B.525.**

19 (4) The [authority] **board** shall:

20 (a) On the date on which the [authority] **board** receives an application described in subsection
 21 (2) **or (3)** of this section, issue a receipt to the applicant verifying that the [authority] **board** re-
 22 ceived an application under subsection (2) or (3) of this section; and

23 (b) Approve or deny an application received under subsection (2) or (3) of this section within
 24 30 days after receiving the application.

25 (5)(a) If the [authority] **board** approves an application **received under subsection (2) or (3) of**
 26 **this section**, the [authority] **board** shall issue a serially numbered registry identification card to the
 27 applicant within five days after approving the application. The registry identification card must in-
 28 clude the following information:

29 (A) The registry identification cardholder’s name, address and date of birth;

30 (B) The issuance date and expiration date of the registry identification card;

31 (C) If the registry identification cardholder **has a** designated [a] primary caregiver under ORS
 32 475B.418, the name and address of the registry identification cardholder’s designated primary
 33 caregiver; and

34 (D) Any other information required by the [authority] **board** by rule.

35 (b) If [the] **a** registry identification cardholder **has a** designated [a] primary caregiver under ORS
 36 475B.418, the [authority] **board** shall issue an identification card to the designated primary
 37 caregiver. The identification card must contain the information [required by] **described in** paragraph
 38 (a) of this subsection.

39 (6) A registry identification cardholder shall:

40 (a) In a form and manner prescribed by the [authority] **board**, notify the [authority] **board** of any
 41 change concerning the registry identification cardholder’s:

42 (A) Name, address or attending physician; **or**

43 (B) Designated primary caregiver, including the designation of a primary caregiver made at a
 44 time other than at the time of applying for or renewing a registry identification card[; or].

45 [(C) Person responsible for a marijuana grow site, including the designation of a person responsi-

1 *ble for a marijuana grow site made at a time other than at the time of applying for or renewing a*
 2 *registry identification card.]*

3 (b) Annually renew the registry identification card by paying a fee in an amount established by
 4 the [authority] **board** by rule and submitting to the [authority] **board** an application that contains
 5 the following information:

6 (A) Updated written documentation from the registry identification cardholder's attending phy-
 7 sician stating that the registry identification cardholder still has a debilitating medical condition
 8 and that the medical use of marijuana may mitigate the symptoms or effects of the registry iden-
 9 tification cardholder's debilitating medical condition;

10 (B) The information described in subsection (2)(b) to (f) of this section; and

11 (C) If the registry identification cardholder is under 18 years of age, a statement signed by the
 12 custodial parent or legal guardian of the registry identification cardholder that meets the require-
 13 ments of subsection (3) of this section.

14 (7) The [authority] **board** shall:

15 (a) On the date on which the [authority] **board** receives an application described in subsection
 16 (2) of this section, issue a receipt to the applicant verifying that the [authority] **board** received an
 17 application under subsection (6)(b) of this section; and

18 (b) Approve or deny an application received under subsection (6)(b) of this section within 30
 19 days after receiving the application.

20 (8)(a) If the registry identification cardholder's attending physician determines that the registry
 21 identification cardholder no longer has a debilitating medical condition, or determines that the
 22 medical use of marijuana is contraindicated for the registry identification cardholder's debilitating
 23 medical condition, the registry identification cardholder shall return the registry identification card
 24 to the [authority] **board** within 30 calendar days after receiving notice of the determination.

25 (b) If, because of circumstances beyond the control of the registry identification cardholder, a
 26 registry identification cardholder is unable to obtain a second medical opinion about the registry
 27 identification cardholder's continuing eligibility for the medical use of marijuana before having to
 28 return the registry identification card to the [authority] **board**, the [authority] **board** may grant the
 29 registry identification cardholder additional time to obtain a second medical opinion.

30 (9)(a) The [authority] **board** may deny an application for a registry identification card or an ap-
 31 plication to renew a registry identification card, or may suspend or revoke a registry identification
 32 card, if:

33 (A) The applicant or registry identification cardholder does not provide the information required
 34 by this section;

35 (B) The [authority] **board** determines that the applicant or registry identification cardholder
 36 provided false information; or

37 (C) The [authority] **board** determines that the applicant or registry identification cardholder vi-
 38 olated a provision of ORS 475B.400 to 475B.525 or a rule adopted under ORS 475B.400 to 475B.525.

39 (b) If a registry identification card is revoked, any associated identification card issued under
 40 subsection (5)(b) of this section[, or marijuana grow site registration card issued under ORS 475B.420
 41 (6), shall] also **must** be revoked.

42 (c) A person whose application is denied, or whose registry identification card is revoked, under
 43 this subsection may not reapply for a registry identification card for six months from the date of the
 44 denial or revocation unless otherwise authorized by the [authority] **board**.

45 (10)(a) The [authority] **board** may deny a designation of a primary caregiver made under ORS

1 475B.418, or suspend or revoke an associated identification card issued under subsection (5)(b) of
 2 this section, if the [authority] **board** determines that the designee or the registry identification
 3 cardholder violated a provision of ORS 475B.400 to 475B.525 or a rule adopted under ORS 475B.400
 4 to 475B.525.

5 (b) A person whose designation has been denied, or whose identification card has been revoked,
 6 under this subsection may not be designated as a primary caregiver under ORS 475B.418 for six
 7 months from the date of the denial or revocation unless otherwise authorized by the [authority]
 8 **board**.

9 (11)(a) Notwithstanding subsection (2) or (6)(b) of this section, if an applicant for a registry
 10 identification card, or a registry identification cardholder applying for renewal of a registry iden-
 11 tification card, submits to the [authority] **board** proof of having served in the Armed Forces of the
 12 United States, the [authority] **board** may not impose a fee that is greater than \$20 for the issuance
 13 or renewal of the registry identification card.

14 (b) Notwithstanding subsection (6)(b)(A) of this section, the requirement that a registry identifi-
 15 cation cardholder include in the application to renew a registry identification card updated written
 16 documentation from the cardholder’s attending physician regarding the cardholder’s continuing de-
 17 bilitating medical condition does not apply to a service-disabled veteran who:

18 (A) Has been assigned a total and permanent disability rating for compensation that rates the
 19 veteran as unable to secure or follow a substantially gainful occupation as a result of service-
 20 connected disabilities as described in 38 C.F.R. 4.16; or

21 (B) Has a United States Department of Veterans Affairs total disability rating of 100 percent
 22 as a result of an injury or illness that the veteran incurred, or that was aggravated, during active
 23 military service and who received a discharge or release under other than dishonorable conditions.

24 (12) For any purpose described in ORS 475B.400 to 475B.525, including exemption from criminal
 25 liability under ORS 475B.475, a receipt issued by the [authority] **board** verifying that an application
 26 has been submitted to the [authority] **board** under subsection (2), (3) or (6)(b) of this section has the
 27 same legal effect as a registry identification card for 30 days following the date on which the receipt
 28 was issued to the applicant.

29 **SECTION 12a.** ORS 475B.418 is amended to read:

30 475B.418. (1) If a person who is applying for a registry identification card under ORS 475B.415,
 31 or who is a registry identification cardholder, chooses to designate, or to change the designation
 32 of, a primary caregiver, the person must include the primary caregiver’s name and address:

33 (a) On the person’s application for a registry identification card;

34 (b) On the person’s application to renew a registry identification card; or

35 (c) In a form and manner prescribed by the [authority] **Medical Use of Cannabis Board**, in a
 36 signed statement notifying the [Oregon Health Authority] **board** of the designation.

37 (2) A registry identification cardholder may have only one designated primary caregiver at any
 38 given time.

39 (3) If a registry identification cardholder who previously designated a primary caregiver chooses
 40 to designate a different primary caregiver, the [authority] **board** shall notify the previous designee
 41 of the new designation and issue an identification card to the newly designated primary caregiver.

42 **SECTION 13.** ORS 475B.428, as amended by section 23, chapter 24, Oregon Laws 2016, is
 43 amended to read:

44 475B.428. (1) [Subject to subsection (2) of this section,] A registry identification cardholder and
 45 the designated primary caregiver of the registry identification cardholder may jointly possess [six]

1 **12** or fewer mature marijuana plants.

2 [(2)(a) A person may be designated to produce marijuana under ORS 475B.420 by no more than
3 four registry identification cardholders.]

4 [(b) A person who is designated to produce marijuana by a registry identification cardholder may
5 produce no more than six mature marijuana plants for a registry identification cardholder who desig-
6 nates the person to produce marijuana.]

7 [(3) If the address of a person responsible for a marijuana grow site under ORS 475B.420 is lo-
8 cated within city limits in an area zoned for residential use:]

9 [(a) Except as provided in paragraph (b) of this subsection, no more than 12 mature marijuana
10 plants may be produced at the address; or]

11 [(b) Subject to subsection (5) of this section, if each person responsible for a marijuana grow site
12 located at the address first registered with the Oregon Health Authority under ORS 475B.420 before
13 January 1, 2015, no more than the amount of mature marijuana plants located at that address on De-
14 cember 31, 2014, in excess of 12 mature marijuana plants, not to exceed 24 mature marijuana plants,
15 may be produced at the address.]

16 [(4) If the address of a person responsible for a marijuana grow site under ORS 475B.420 is lo-
17 cated in an area other than an area described in subsection (3) of this section:]

18 [(a) Except as provided in paragraph (b) of this subsection, no more than 48 mature marijuana
19 plants may be produced at the address; or]

20 [(b) Subject to subsections (5) and (6) of this section, if each person responsible for a marijuana
21 grow site located at the address first registered with the authority under ORS 475B.420 before January
22 1, 2015, no more than the amount of mature marijuana plants located at that address on December 31,
23 2014, in excess of 48 mature marijuana plants, not to exceed 96 mature marijuana plants, may be
24 produced at the address.]

25 [(5) If the authority suspends or revokes the registration of a person responsible for a marijuana
26 grow site that is located at an address described in subsection (3)(b) or (4)(b) of this section:]

27 [(a) No more than 12 mature marijuana plants may be subsequently produced at any address de-
28 scribed in subsection (3) of this section at which the person responsible for that marijuana grow site
29 produces marijuana.]

30 [(b) No more than 48 mature marijuana plants may be subsequently produced at any address de-
31 scribed in subsection (4) of this section at which the person responsible for that marijuana grow site
32 produces marijuana.]

33 [(6) If a registry identification cardholder who designated a person to produce marijuana for the
34 registry identification cardholder pursuant to ORS 475B.420 terminates the designation, the person re-
35 sponsible for the marijuana grow site whose designation has been terminated may not be designated
36 to produce marijuana by another registry identification cardholder, except that the person may be des-
37 ignated by another registry identification cardholder if no more than 48 mature marijuana plants are
38 produced at the address for the marijuana grow site at which the person produces marijuana.]

39 [(7) Subject to the limits described in subsections (2) to (6) of this section, if multiple persons re-
40 sponsible for a marijuana grow site under ORS 475B.420 are located at the same address, the persons
41 designated to produce marijuana by registry identification cardholders who are located at that address
42 may collectively produce mature marijuana plants for any number of registry identification cardholders
43 who designate the persons to produce marijuana.]

44 [(8)] **(2)** If a law enforcement officer determines that a registry identification cardholder[,] **and**
45 the designated primary caregiver of [a] **the** registry identification cardholder[, or a person respon-

1 sible for a marijuana grow site under ORS 475B.420 who grows marijuana for a registry identification
 2 cardholder, possesses] **jointly possess** a number of mature marijuana plants in excess of the [*quan-*
 3 *tities*] **quantity** specified in **subsection (1) of this section**, the law enforcement officer may confis-
 4 cate only the excess number of mature marijuana plants.

5 **SECTION 14.** ORS 475B.430 is amended to read:

6 475B.430. (1) [*Except as provided in subsection (2) of this section,*] A registry identification
 7 cardholder and the designated primary caregiver of the registry identification cardholder may jointly
 8 possess no more than [*24 ounces*] **six pounds** of usable marijuana **per mature marijuana plant**
 9 **jointly possessed by the registry identification cardholder and the designated primary**
 10 **caregiver of the registry identification cardholder.**

11 [(2) *Subject to subsection (3) of this section, a person designated to produce marijuana by a registry*
 12 *identification cardholder may possess the amount of usable marijuana that the person harvests from the*
 13 *person's mature marijuana plants, provided that the person may not possess usable marijuana in excess*
 14 *of the amount of usable marijuana in the person's possession as reported to the Oregon Health Au-*
 15 *thority under ORS 475B.423.*]

16 [(3) *A person designated to produce marijuana by a registry identification cardholder may not*
 17 *possess usable marijuana in excess of:*]

18 [(a) *For a marijuana growsite located outdoors, 12 pounds of usable marijuana per mature*
 19 *marijuana plant; or*]

20 [(b) *For a marijuana growsite located indoors, six pounds of usable marijuana per mature*
 21 *marijuana plant.*]

22 **(2) If a law enforcement officer determines that a registry identification cardholder and**
 23 **the designated primary caregiver of the registry identification cardholder jointly possess an**
 24 **amount of usable marijuana in excess of the quantity specified in subsection (1) of this sec-**
 25 **tion, the law enforcement officer may confiscate only the excess amount of usable**
 26 **marijuana.**

27 **SECTION 15.** ORS 475B.433 is amended to read:

28 475B.433. A person to whom a registry identification card has been issued under ORS 475B.415
 29 (5)(a)[,] **or** an identification card has been issued under ORS 475B.415 (5)(b)[, *or a marijuana grow*
 30 *site registration card has been issued under ORS 475B.420,*] may not possess marijuana, usable
 31 marijuana, medical cannabinoid products, cannabinoid concentrates or cannabinoid extracts in a
 32 location other than [*the*] **an** address on file with the [*Oregon Health Authority*] **Medical Use of**
 33 **Cannabis Board** unless the person is carrying the card.

34 **SECTION 16.** ORS 475B.445 is amended to read:

35 475B.445. (1) [*ORS 475B.435 does not apply to a registry identification cardholder or a person who*
 36 *has been designated as a primary caregiver under ORS 475B.418 who processes a medical cannabinoid*
 37 *product or a cannabinoid concentrate for a registry identification cardholder.*] **A registry identifica-**
 38 **tion cardholder may process for the registry identification cardholder's personal use, or a**
 39 **person who is the designated primary caregiver under ORS 475B.418 of the registry identifi-**
 40 **cation cardholder may process for the registry identification cardholder's personal use, usa-**
 41 **ble marijuana belonging to the registry identification cardholder into a medical cannabinoid**
 42 **product or cannabinoid concentrate.**

43 **(2) A registry identification cardholder may not process for the registry identification**
 44 **cardholder's personal use, and a person who is the designated primary caregiver under ORS**
 45 **475B.418 of the registry identification cardholder may not process for the registry identifi-**

1 **cation cardholder’s personal use, usable marijuana belonging to the registry identification**
 2 **cardholder into a cannabinoid extract.**

3 **SECTION 17.** ORS 475B.460 is amended to read:

4 475B.460. (1)(a) The [*Oregon Health Authority*] **Medical Use of Cannabis Board** shall establish
 5 and maintain a list of:

6 (A) The names of persons to whom a registry identification card has been issued under ORS
 7 475B.415; **and**

8 (B) The names of persons **who are** designated [*as*] primary caregivers under ORS 475B.418[;
 9 *and*].

10 [*(C) The addresses of marijuana grow sites registered under ORS 475B.420.*]

11 (b) Except as provided in subsection (2) of this section, the list is confidential and not subject
 12 to public disclosure under ORS 192.410 to 192.505.

13 (c) The [*authority*] **board** shall develop a system by which authorized employees of state and
 14 local law enforcement agencies may verify that:

15 (A) A person lawfully possesses a registry identification card; **or**

16 (B) A person is the designated primary caregiver of a lawful possessor of a registry identifica-
 17 tion card[; *or*].

18 [*(C) A location is a registered marijuana grow site.*]

19 (2) Names, addresses and other identifying information from the list established and maintained
 20 pursuant to subsection (1) of this section may be released to:

21 (a) Authorized employees of the **Oregon Health Authority** as necessary to perform official du-
 22 ties of the [*authority*] **board**.

23 (b) Authorized employees of state or local law enforcement agencies who provide to the [*au-*
 24 *thority*] **board** adequate identification, but only as necessary to verify that:

25 (A) A person lawfully possesses a registry identification card; **or**

26 (B) A person is the designated primary caregiver of a lawful possessor of a registry identifica-
 27 tion card[; *or*].

28 [*(C) A location is a registered marijuana grow site.*]

29 (3) Authorized employees of state or local law enforcement agencies who obtain identifying in-
 30 formation as authorized by this section may not release or use the information for any purpose other
 31 than to verify that:

32 (a) A person lawfully possesses a registry identification card; **or**

33 (b) A person is the designated primary caregiver of a lawful possessor of a registry identification
 34 card[; *or*].

35 [*(c) A location is a registered marijuana grow site.*]

36 (4) In addition to releasing information to authorized employees of state or local law enforce-
 37 ment agencies for purposes of verifying information under subsection (2)(b) of this section, the [*au-*
 38 *thority*] **board** may release to authorized employees of state or local law enforcement agencies the
 39 minimum amount of information necessary to enable an employee to determine whether an individual
 40 or location is in compliance with a provision of ORS 475B.400 to 475B.525 or a rule adopted under
 41 ORS 475B.400 to 475B.525.

42 (5) If the [*authority*] **board** determines, after conducting an investigation or receiving a com-
 43 plaint of an alleged violation of a provision of ORS 475B.400 to 475B.525 or a rule adopted under
 44 ORS 475B.400 to 475B.525, that a violation of a provision of ORS 475B.400 to 475B.525 or a rule
 45 adopted under ORS 475B.400 to 475B.525 has occurred, the [*authority*] **board** may provide informa-

tion obtained by the [*authority*] **board**, except for information related to a registry identification cardholder's debilitating condition, to authorized employees of state or local law enforcement agencies, or to another state or local government agency with jurisdiction over the matter.

SECTION 18. ORS 475B.475 is amended to read:

475B.475. Except as provided in ORS 475B.478, a person engaged in or assisting in the medical use of marijuana is exempt from the criminal laws of this state for possession, delivery or manufacture of marijuana, aiding and abetting another in the possession, delivery or manufacture of marijuana, or any other criminal offense in which possession, delivery or manufacture of marijuana is an element if:

(1) The person holds a registry identification card.

(2) The person has applied for a registry identification card under ORS 475B.415 and the person has proof of written documentation described in ORS 475B.415 (2)(a) and proof of the date on which the person submitted the application to the [*Oregon Health Authority*] **Medical Use of Cannabis Board**. An exemption under this subsection applies only until the [*authority*] **board** approves or denies the application.

(3) The person is a designated [*as a*] primary caregiver under ORS 475B.418.

[(4) *The person is responsible for or is employed by a marijuana grow site registered under ORS 475B.420.*]

[(5) *The person owns, is responsible for, or is employed by, a marijuana processing site.*]

[(6) *The person owns, is responsible for, or is employed by, a medical marijuana dispensary.*]

SECTION 19. ORS 475B.478 is amended to read:

475B.478. A person is not exempt from the criminal laws of this state for possession, delivery or manufacture of marijuana, aiding and abetting another in the possession, delivery or manufacture of marijuana, or any other criminal offense in which possession, delivery or manufacture of marijuana is an element, and the person may not assert the affirmative defense established in ORS 475B.480, if the person, in connection with conduct constituting an element of the offense:

(1) Drives under the influence of marijuana as provided in ORS 813.010;

(2) Engages in the medical use of marijuana in a public place, as defined in ORS 161.015, in public view or in a correctional facility, as defined in ORS 162.135 (2), or a youth correction facility, as defined in ORS 162.135 (6); or

(3) Delivers marijuana to any individual who the person knows is not in possession of a registry identification card [*or to any individual or entity that the person knows has not been designated to receive marijuana or assigned a possessory interest in marijuana by an individual in possession of a registry identification card*].

SECTION 20. ORS 475B.480 is amended to read:

475B.480. (1) Except as provided in ORS 475B.478, a person has an affirmative defense to a criminal charge of possession, delivery or manufacture of marijuana, or any other criminal offense in which possession, delivery or manufacture of marijuana is an element, if the person charged with the offense:

(a) Was diagnosed with a debilitating medical condition within 12 months of the date on which the person was arrested and was advised by the person's attending physician that the medical use of marijuana may mitigate the symptoms or effects of that debilitating medical condition;

(b) Is engaged in the medical use of marijuana; and

(c) Possesses, delivers or manufactures marijuana only in quantities permitted under ORS 475B.428 **and 475B.430**.

1 (2) A person does not need to lawfully possess a registry identification card to assert the affir-
2 mative defense established in this section.

3 (3) A person engaged in the medical use of marijuana who claims that marijuana provides med-
4 ically necessary benefits and who is charged with a crime pertaining to the use of marijuana is not
5 precluded from presenting a defense of choice of evils, as set forth in ORS 161.200, or from pre-
6 senting evidence supporting the necessity of marijuana for treatment of a specific disease or medical
7 condition, provided that:

8 (a) The person possesses, delivers or manufactures marijuana only as permitted under ORS
9 475B.428 [(1)] and 475B.430; and

10 (b) The person has taken a substantial step toward complying with the provisions of ORS
11 475B.400 to 475B.525.

12 (4) A defendant proposing to use the affirmative defense established in this section in a criminal
13 action shall, not less than five days before the trial [*of the cause,*] **for the criminal action**, file and
14 serve upon the district attorney a written notice of the intention to assert the affirmative defense.
15 The notice must specifically state the reasons why the defendant is entitled to assert the affirmative
16 defense and the factual basis for the affirmative defense. If the defendant fails to file and serve the
17 notice, the defendant is not permitted to assert the affirmative defense at the trial [*of the cause*] **for**
18 **the criminal action** unless the court orders, for good cause, otherwise.

19 **SECTION 21.** ORS 475B.490, as amended by section 20a, chapter 23, Oregon Laws 2016, is
20 amended to read:

21 475B.490. (1) Registration under ORS 475B.400 to 475B.525 or possession of proof of registration
22 under ORS 475B.400 to 475B.525 does not constitute probable cause to search the person or property
23 of the registrant or otherwise subject the person or property of the registrant to inspection by a
24 government agency. [*However, the Oregon Health Authority may inspect the marijuana grow site of*
25 *a person designated to produce marijuana by a registry identification cardholder, a marijuana pro-*
26 *cessing site registered under ORS 475B.435, or a medical marijuana dispensary registered under ORS*
27 *475B.450, at any reasonable time to determine whether the person responsible for the marijuana grow*
28 *site, the person responsible for the marijuana processing site, or the person responsible for the medical*
29 *marijuana dispensary, is in compliance with ORS 475B.400 to 475B.525 and rules adopted under ORS*
30 *475B.400 to 475B.525.*]

31 (2) Any property interest possessed, owned or used in connection with the medical use of
32 marijuana or acts incidental to the medical use of marijuana that has been seized by state or local
33 law enforcement officers may not be harmed, neglected, injured or destroyed while in the possession
34 of a law enforcement agency, except that a law enforcement agency has no responsibility to main-
35 tain live marijuana plants lawfully seized. Such property interest may not be forfeited under any
36 provision of law providing for the forfeiture of property, except pursuant to a sentence imposed after
37 conviction of a criminal offense. Marijuana and equipment or paraphernalia used to produce, process
38 or administer marijuana that was seized by a law enforcement officer shall be returned immediately
39 if the district attorney in whose county the property was seized, or the district attorney's designee,
40 determines that the person from whom the marijuana, equipment or paraphernalia was seized is
41 entitled to the protections provided by ORS 475B.400 to 475B.525. The determination may be evi-
42 denced by a decision not to prosecute, the dismissal of charges or acquittal.

43 **SECTION 22.** ORS 475B.507, as amended by section 9 of this 2017 Act, is amended to read:

44 475B.507. [*The Oregon Health Authority, the State Department of Agriculture and the Oregon Li-*
45 *quor and Cannabis Commission,*] **The Medical Use of Cannabis Board** and the officers, employees

1 and agents of the [authority, department and commission,] **Oregon Health Authority who are per-**
 2 **forming work for or on behalf of the board** are immune from any cause of action for the per-
 3 formance of, or the failure to perform, duties required by ORS 475B.400 to 475B.525.

4 **SECTION 23.** ORS 475B.510, as amended by section 10 of this 2017 Act, is amended to read:

5 475B.510. [*The Oregon Health Authority, the State Department of Agriculture and the Oregon Li-*
 6 *quor and Cannabis Commission*] **The Medical Use of Cannabis Board** may possess, seize or dispose
 7 of marijuana, usable marijuana, medical cannabinoid products, cannabinoid concentrates and
 8 cannabinoid extracts as is necessary for the [authority] **board** to ensure compliance with and enforce
 9 the provisions of ORS 475B.400 to 475B.525 and any rule adopted under ORS 475B.400 to 475B.525.

10 **SECTION 23a.** ORS 475B.517 is amended to read:

11 475B.517. [*Any*] **A** person may petition the [*Oregon Health Authority*] **Medical Use of Cannabis**
 12 **Board** to request that a disease or condition be included among the diseases and conditions that
 13 qualify as debilitating medical conditions under ORS 475B.400 to 475B.525. The [authority] **board**
 14 shall adopt rules establishing the procedure for filing a petition under this section and the manner
 15 by which the [authority] **board** evaluates a request made under this section. Rules adopted under
 16 this section must require the [authority] **board** to approve or deny a petition within 180 days of re-
 17 ceiving the petition. Denial of a petition is a final agency action subject to judicial review.

18 **SECTION 23b.** ORS 475B.525 is amended to read:

19 475B.525. (1) The [*Oregon Health Authority*] **The Medical Use of Cannabis Board** shall adopt
 20 rules necessary for the implementation, administration and enforcement of ORS 475B.400 to
 21 475B.525.

22 (2) The [authority] **board** may adopt rules as the [authority] **board** considers necessary to protect
 23 the public health and safety.

24 **SECTION 23c.** Section 6, chapter 83, Oregon Laws 2016, is amended to read:

25 **Sec. 6.** Notwithstanding the provisions of ORS 475B.400 to 475B.525, rules adopted by the
 26 [*Oregon Health Authority*] **Medical Use of Cannabis Board** under ORS 475B.400 to 475B.525 must
 27 allow for the provision, transfer and sale of usable marijuana as described in section 2 [*of this 2016*
 28 *Act*], **chapter 83, Oregon Laws 2016.**

29
 30 (Repeals)
 31 (Operative June 30, 2018)
 32

33 **SECTION 24.** ORS 475B.420, 475B.423, 475B.425, 475B.435, 475B.438, 475B.440, 475B.443,
 34 475B.450, 475B.453, 475B.455, 475B.458, 475B.462, 475B.464, 475B.468, 475B.469, 475B.470,
 35 475B.495, 475B.500, 475B.505 and 475B.520, sections 13, 14, 20 and 22, chapter 23, Oregon Laws
 36 2016, section 25, chapter 24, Oregon Laws 2016, and section 29, chapter 83, Oregon Laws 2016,
 37 are repealed.

38
 39 **CONTROL AND REGULATION OF MARIJUANA ACT**
 40

41 (Amendments)
 42 (Effective 91st Day After Adjournment Sine Die)
 43

44 **SECTION 25.** ORS 475B.015, as amended by section 63, chapter 24, Oregon Laws 2016, and
 45 section 11, chapter 83, Oregon Laws 2016, is amended to read:

1 475B.015. As used in ORS 475B.010 to 475B.395:

2 (1) “Cannabinoid” means any of the chemical compounds that are the active constituents of
3 marijuana.

4 (2) “Cannabinoid concentrate” means a substance obtained by separating cannabinoids from
5 marijuana by:

6 (a) A mechanical extraction process;

7 (b) A chemical extraction process using a nonhydrocarbon-based [*or other*] solvent, such as wa-
8 ter, vegetable glycerin, vegetable oils, animal fats, isopropyl alcohol or ethanol;

9 (c) A chemical extraction process using [*the hydrocarbon-based solvent*] carbon dioxide, provided
10 that the process does not involve the use of high heat or pressure; or

11 (d) Any other process identified by the Oregon Liquor [*Control*] **and Cannabis** Commission, in
12 consultation with the Oregon Health Authority, by rule.

13 (3) “Cannabinoid edible” means food or potable liquid into which a cannabinoid concentrate,
14 cannabinoid extract or dried marijuana leaves or flowers have been incorporated.

15 (4) “Cannabinoid extract” means a substance obtained by separating cannabinoids from
16 marijuana by:

17 (a) A chemical extraction process using a hydrocarbon-based solvent, such as butane, hexane
18 or propane;

19 (b) A chemical extraction process using [*the hydrocarbon-based solvent*] carbon dioxide, if the
20 process uses high heat or pressure; or

21 (c) Any other process identified by the commission, in consultation with the authority, by rule.

22 (5)(a) “Cannabinoid product” means a cannabinoid edible and any other product intended for
23 human consumption or use, including a product intended to be applied to the skin or hair, that
24 contains cannabinoids or dried marijuana leaves or flowers.

25 (b) “Cannabinoid product” does not include:

26 (A) Usable marijuana by itself;

27 (B) A cannabinoid concentrate by itself;

28 (C) A cannabinoid extract by itself; or

29 (D) Industrial hemp, as defined in ORS 571.300.

30 (6) “Consumer” means a person who purchases, acquires, owns, holds or uses marijuana items
31 other than for the purpose of resale.

32 (7)(a) “Financial consideration” means value that is given or received either directly or indi-
33 rectly through sales, barter, trade, fees, charges, dues, contributions or donations.

34 (b) “Financial consideration” does not include marijuana, cannabinoid products or cannabinoid
35 concentrates that are delivered within the scope of and in compliance with ORS 475B.245.

36 (8) “Homegrown” means grown by a person 21 years of age or older for noncommercial purposes.

37 (9) “Household” means a housing unit and any place in or around a housing unit at which the
38 occupants of the housing unit are producing, processing, possessing or storing homegrown
39 marijuana, cannabinoid products, cannabinoid concentrates or cannabinoid extracts.

40 (10) “Housing unit” means a house, an apartment or a mobile home, or a group of rooms or a
41 single room that is occupied as separate living quarters, in which the occupants live and eat sepa-
42 rately from any other persons in the building and that has direct access from the outside of the
43 building or through a common hall.

44 (11) “Immature marijuana plant” means a marijuana plant that is not flowering.

45 (12) “Licensee” means a person [*who*] **that** holds a license issued under ORS 475B.070, 475B.090,

1 475B.100 or 475B.110.

2 (13) "Licensee representative" means an owner, director, officer, manager, employee, agent or
 3 other representative of a licensee, to the extent that the person acts in a representative capacity.

4 (14)(a) "Marijuana" means the plant Cannabis family Cannabaceae, any part of the plant
 5 Cannabis family Cannabaceae and [*the seeds of the plant Cannabis family Cannabaceae*] **marijuana**
 6 **seeds**.

7 (b) "Marijuana" does not include industrial hemp, as defined in ORS 571.300.

8 (15) "Marijuana flowers" means the flowers of the plant genus Cannabis within the plant family
 9 Cannabaceae.

10 (16) "Marijuana items" means marijuana, cannabinoid products, cannabinoid concentrates and
 11 cannabinoid extracts.

12 (17) "Marijuana leaves" means the leaves of the plant genus Cannabis within the plant family
 13 Cannabaceae.

14 (18) "Marijuana processor" means a person who processes marijuana items in this state.

15 (19) "Marijuana producer" means a person who produces marijuana in this state.

16 (20) "Marijuana retailer" means a person who sells marijuana items to a consumer in this state.

17 **(21)(a) "Marijuana seeds" means the seeds of the plant Cannabis family Cannabaceae.**

18 **(b) "Marijuana seeds" does not include the seeds of industrial hemp, as defined in ORS**
 19 **571.300.**

20 [(21)] **(22)** "Marijuana wholesaler" means a person who purchases marijuana items in this state
 21 for resale to a person other than a consumer.

22 [(22)] **(23)** "Mature marijuana plant" means a marijuana plant that is not an immature marijuana
 23 plant.

24 [(23)] **(24)** "Medical grade cannabinoid product, cannabinoid concentrate or cannabinoid
 25 extract" means a cannabinoid product, cannabinoid concentrate or cannabinoid extract that has a
 26 concentration of tetrahydrocannabinol that is permitted under ORS 475B.625 in a single serving of
 27 the cannabinoid product, cannabinoid concentrate or cannabinoid extract for consumers who hold
 28 a valid registry identification card issued under ORS 475B.415.

29 [(24)] **(25)** "Medical purpose" means a purpose related to using usable marijuana, cannabinoid
 30 products, cannabinoid concentrates or cannabinoid extracts to mitigate the symptoms or effects of
 31 a debilitating medical condition, as defined in ORS 475B.410.

32 [(25)] **(26)** "Noncommercial" means not dependent or conditioned upon the provision or receipt
 33 of financial consideration.

34 [(26)(a)] **(27)(a)** "Premises" [*or "licensed premises"*] includes the following areas of a location li-
 35 censed under ORS [475B.070, 475B.090, 475B.100 or 475B.110] **475B.010 to 475B.395:**

36 (A) All public and private enclosed areas at the location that are used in the business operated
 37 at the location, including offices, kitchens, rest rooms and storerooms;

38 (B) All areas outside a building that the commission has specifically licensed for the processing,
 39 wholesale sale or retail sale of marijuana items; and

40 (C) For a location that the commission has specifically licensed for the production of marijuana
 41 outside a building, that portion of the location used to produce marijuana.

42 (b) "Premises" [*or "licensed premises"*] does not include a primary residence.

43 [(27)(a)] **(28)(a)** "Processes" means the processing, compounding or conversion of marijuana into
 44 cannabinoid products, cannabinoid concentrates or cannabinoid extracts.

45 (b) "Processes" does not include packaging or labeling.

1 [(28)(a)] **(29)(a)** “Produces” means the manufacture, planting, cultivation, growing or harvesting
 2 of marijuana.

3 (b) “Produces” does not include:

4 (A) The drying of marijuana by a marijuana processor, if the marijuana processor is not other-
 5 wise producing marijuana; or

6 (B) The cultivation and growing of an immature marijuana plant by a marijuana processor,
 7 marijuana wholesaler or marijuana retailer if the marijuana processor, marijuana wholesaler or
 8 marijuana retailer purchased or otherwise received the plant from a licensed marijuana producer.

9 [(29)] **(30)** “Propagate” means to grow immature marijuana plants or to breed or produce *[the*
 10 *seeds of the plant Cannabis family Cannabaceae]* **marijuana seeds.**

11 [(30)] **(31)** “Public place” means a place to which the general public has access and includes,
 12 but is not limited to, hallways, lobbies and other parts of apartment houses and hotels not consti-
 13 tuting rooms or apartments designed for actual residence, and highways, streets, schools, places of
 14 amusement, parks, playgrounds and areas used in connection with public passenger transportation.

15 [(31)(a)] **(32)(a)** “Usable marijuana” means the dried leaves and flowers of marijuana.

16 (b) “Usable marijuana” does not include:

17 **(A) Marijuana seeds;**

18 [(A)] **(B)** The *[seeds,]* stalks and roots of marijuana; or

19 [(B)] **(C)** Waste material that is a by-product of producing or processing marijuana.

20 **SECTION 26.** ORS 475B.025 is amended to read:

21 475B.025. (1) The Oregon Liquor *[Control]* **and Cannabis** Commission has the *[powers and]* du-
 22 ties, **functions and powers** specified in ORS 475B.010 to 475B.395 and the powers necessary or
 23 proper to enable the commission to carry out the commission’s duties, functions and powers under
 24 ORS 475B.010 to 475B.395. The jurisdiction, supervision, duties, functions and powers of the com-
 25 mission extend to any person who *[buys, sells,]* produces, processes, transports *[or delivers any*
 26 *marijuana items within]*, **delivers, sells or purchases a marijuana item in** this state. The com-
 27 mission may sue and be sued.

28 (2) The duties, functions and powers of the commission **specified** in ORS 475B.010 to 475B.395
 29 include the following:

30 (a) To regulate the *[purchase, sale,]* production, processing, transportation *[and]*, delivery, **sale**
 31 **and purchase** of marijuana items in accordance with the provisions of ORS 475B.010 to 475B.395.

32 (b) To *[grant, refuse, suspend or cancel]* **issue, renew, suspend, revoke or refuse to issue or**
 33 **renew** licenses for the *[sale, processing or]* production, **processing or sale** of marijuana items, or
 34 other licenses *[in regard to]* **related to the consumption of** marijuana items, and to permit, in the
 35 commission’s discretion, the transfer of a license between persons.

36 (c) To investigate and aid in the prosecution of every violation of the statutory laws of this state
 37 relating to marijuana items and to cooperate in the prosecution of offenders before any state court
 38 of competent jurisdiction.

39 (d) To adopt, amend or repeal rules as necessary to carry out the intent and provisions of ORS
 40 475B.010 to 475B.395, including rules that the commission considers necessary to protect the public
 41 health and safety.

42 (e) To exercise all powers incidental, convenient or necessary to enable the commission to ad-
 43 minister or carry out the provisions of ORS 475B.010 to 475B.395 or any other law of this state that
 44 charges the commission with a duty, function or power related to marijuana. Powers described in
 45 this paragraph include, but are not limited to:

- 1 (A) Issuing subpoenas;
- 2 (B) Compelling the attendance of witnesses;
- 3 (C) Administering oaths;
- 4 (D) Certifying official acts;
- 5 (E) Taking depositions as provided by law;
- 6 (F) Compelling the production of books, payrolls, accounts, papers, records, documents and tes-
- 7 timony; and

8 (G) Establishing fees in addition to the application, licensing and renewal fees described in ORS
 9 475B.070, 475B.090, 475B.100 and 475B.110, provided that any fee established by the commission is
 10 reasonably calculated not to exceed the cost of the activity for which the fee is charged.

11 (f) To adopt rules regulating and prohibiting [*marijuana producers, marijuana processors,*
 12 *marijuana wholesalers and marijuana retailers from*] advertising marijuana items in a manner:

- 13 (A) That is appealing to minors;
- 14 (B) That promotes excessive use;
- 15 (C) That promotes illegal activity; or
- 16 (D) That otherwise presents a significant risk to public health and safety.

17 (g) To regulate the use of marijuana items for scientific, pharmaceutical, manufacturing, me-
 18 chanical, industrial and other purposes.

19 (3) Fees collected pursuant to subsection (2)(e)(G) of this section shall be deposited in the
 20 Marijuana Control and Regulation Fund established under ORS 475B.240.

21 **SECTION 27.** ORS 475B.030 is amended to read:

22 475B.030. The Oregon Liquor [*Control*] **and Cannabis** Commission may purchase, possess, seize
 23 or dispose of marijuana items as is necessary for the commission to ensure compliance with and
 24 enforce the provisions of ORS 475B.010 to 475B.395 and any rule adopted under ORS 475B.010 to
 25 475B.395.

26 **SECTION 28.** ORS 475B.033 is amended to read:

27 475B.033. The Oregon Liquor [*Control*] **and Cannabis** Commission may, by **rule or** order, pro-
 28 vide for the manner and conditions under which:

29 (1) Marijuana items left by a deceased, insolvent or bankrupt person or licensee, or subject to
 30 a security interest, may be foreclosed, sold under execution or otherwise disposed.

31 (2) The business of a deceased, insolvent or bankrupt licensee may be operated for a reasonable
 32 period following the death, insolvency or bankruptcy.

33 (3) A secured party, as defined in ORS 79.0102, may continue to operate a [*business*] **premises**
 34 for which a license has been issued under ORS [*475B.070, 475B.090, 475B.100 or 475B.110*] **475B.010**
 35 **to 475B.395** for a reasonable period after default on the indebtedness by the debtor.

36 **SECTION 29.** ORS 475B.035 is amended to read:

37 475B.035. The Oregon Liquor [*Control*] **and Cannabis** Commission may limit the quantity of
 38 marijuana items purchased at any one time by a consumer [*so as effectually to*] **if the commission**
 39 **determines that the limitation is necessary to** prevent the resale of marijuana items.

40 **SECTION 30.** ORS 475B.040 is amended to read:

41 475B.040. (1) An applicant for a license or renewal of a license under ORS 475B.010 to 475B.395
 42 shall apply to the Oregon Liquor [*Control*] **and Cannabis** Commission in the form required by the
 43 commission **by rule**, showing the name and address of the applicant, location of the [*place of busi-*
 44 *ness*] **premises** that is to be operated under the license and other pertinent information required
 45 by the commission. The commission may not [*grant*] **issue** or renew a license until the applicant has

1 complied with the provisions of ORS 475B.010 to 475B.395 and *[the rules of the commission]* **rules**
 2 **adopted under ORS 475B.010 to 475B.395.**

3 (2) The commission may reject any application that is not submitted in the form required **by the**
 4 **commission** by rule. The commission shall give applicants an opportunity to be heard if an appli-
 5 cation is rejected. A hearing under this subsection is not subject to the requirements for contested
 6 case proceedings under ORS chapter 183.

7 (3) Except as provided in subsection (2) of this section, a revocation of, or a refusal to issue or
 8 renew, a license under ORS 475B.010 to 475B.395 is subject to the requirements for contested case
 9 proceedings under ORS chapter 183.

10 **SECTION 31.** ORS 475B.045 is amended to read:

11 475B.045. (1) The Oregon Liquor *[Control]* **and Cannabis** Commission may not license an appli-
 12 cant under the provisions of ORS 475B.010 to 475B.395 if the applicant is under 21 years of age.

13 (2) The commission may refuse to license an applicant under the provisions of ORS 475B.010 to
 14 475B.395 if the commission *[has reasonable ground to believe]* **makes a finding** that the applicant:

15 (a) Is in the habit of using alcoholic beverages, habit-forming drugs, marijuana or controlled
 16 substances to excess.

17 (b) Has made false statements to the commission.

18 (c) Is incompetent or physically unable to carry on the management of the establishment pro-
 19 posed to be licensed.

20 (d) Has been convicted of violating a *[general or local law of this state or another state, or of*
 21 *violating a federal law,]* **federal law, state law or local ordinance** if the conviction is substantially
 22 related to the fitness and ability of the applicant to lawfully carry out activities under the license.

23 (e) Is not of good repute and moral character.

24 (f) Does not have a good record of compliance with ORS 475B.010 to 475B.395 or any rule *[of*
 25 *the commission]* adopted under ORS 475B.010 to 475B.395.

26 (g) Is not the legitimate owner of the *[business]* **premises** proposed to be licensed, or **has not**
 27 **disclosed that** other persons have ownership interests in the *[business that have not been*
 28 *disclosed.]* **premises proposed to be licensed.**

29 (h) *[Is not possessed of or]* Has not demonstrated financial responsibility sufficient to adequately
 30 meet the requirements of the *[business]* **premises** proposed to be licensed.

31 (i) Is unable to understand the laws of this state relating to marijuana **items** or the rules of the
 32 commission relating to marijuana **items.**

33 (3) Notwithstanding subsection (2)(d) of this section, in determining whether the commission may
 34 refuse to license an applicant, the commission may not consider the prior conviction of the applicant
 35 or any owner, director, officer, manager, employee, agent or other representative of the applicant
 36 for:

37 (a) The manufacture of marijuana, if:

38 (A) The date of the conviction is two or more years before the date of the application; and

39 (B) The person has not been convicted more than once for the manufacture or delivery of
 40 marijuana;

41 (b) The delivery of marijuana to a person 21 years of age or older, if:

42 (A) The date of the conviction is two or more years before the date of the application; and

43 (B) The person has not been convicted more than once for the manufacture or delivery of
 44 marijuana; or

45 (c) The possession of marijuana.

1 **SECTION 32.** ORS 475B.050, as amended by section 8, chapter 23, Oregon Laws 2016, is
 2 amended to read:

3 475B.050. For the purpose of requesting a state or nationwide criminal records check under ORS
 4 181A.195, the Oregon Liquor [*Control*] **and Cannabis** Commission may require the fingerprints of
 5 any individual listed on an application submitted under ORS 475B.040. The powers conferred on the
 6 commission under this section include the power to require the fingerprints of:

- 7 (1) If the applicant is a limited partnership, each partner of the limited partnership;
- 8 (2) If the applicant is a limited liability company, each member of the limited liability company;
- 9 (3) If the applicant is a corporation, each director and officer of the corporation;
- 10 (4) Any individual who holds a financial interest of 10 percent or more in the person applying
 11 for the license; and
- 12 (5) Any individual who is a partner, member, director or officer of a legal entity with a financial
 13 interest in the person applying for the license.

14 **SECTION 33.** ORS 475B.055 is amended to read:

15 475B.055. A license [*granted*] **issued** under ORS 475B.010 to 475B.395:

- 16 (1) Is a [*purely*] personal privilege.
- 17 [(2) *Is valid for the period stated in the license.*]
- 18 [(3)] **(2)** Is renewable in the manner provided in ORS 475B.040, except for a cause that would
 19 be grounds for refusal to issue the license under ORS 475B.045.
- 20 [(4)] **(3)** Is revocable or suspendible as provided in ORS 475B.210.
- 21 [(5)] **(4)** Is transferable from the premises for which the license was originally issued to another
 22 premises subject to the provisions of ORS 475B.010 to 475B.395, applicable rules [*of the Oregon Li-*
 23 *quor Control Commission*] **adopted under ORS 475B.010 to 475B.395** and applicable local ordi-
 24 nances.
- 25 [(6) *Expires upon the death of the licensee, except as provided in ORS 475B.033.*]
- 26 [(7)] **(5)** Does not constitute property.
- 27 [(8)] **(6)** Is not alienable.
- 28 [(9)] **(7)** Is not subject to attachment or execution.
- 29 [(10)] **(8)** Does not descend by the laws of testate or intestate devolution.

30 **SECTION 34.** ORS 475B.060 is amended to read:

31 475B.060. (1) The Oregon Liquor [*Control*] **and Cannabis** Commission shall approve or deny an
 32 application to [*produce, process and sell marijuana under ORS 475B.070, 475B.090, 475B.100 and*
 33 *475B.110*] **be licensed under ORS 475B.010 to 475B.395**. Upon receiving an application **under ORS**
 34 **475B.040**, the commission may not unreasonably delay processing, approving or denying the appli-
 35 cation or, if the application is approved, issuing the license.

36 (2) The licenses described in ORS [*475B.070, 475B.090, 475B.100 and 475B.110*] **475B.010 to**
 37 **475B.395** must be issued by the commission, subject to the provisions of ORS 475B.010 to 475B.395
 38 and [*the*] rules adopted under ORS 475B.010 to 475B.395.

39 (3) The commission may not license a premises that does not have defined boundaries. A [*li-*
 40 *censed*] premises does not need to be enclosed by a wall, fence or other structure, but the commis-
 41 sion may require [*that*] a [*licensed*] premises **to** be enclosed as a condition of issuing or renewing a
 42 license. The commission may not license **a** mobile premises.

43 **SECTION 35.** ORS 475B.063, as amended by section 11, chapter 24, Oregon Laws 2016, is
 44 amended to read:

45 475B.063. (1) Prior to receiving a license under ORS 475B.070, 475B.090, 475B.100 or 475B.110,

1 an applicant shall request a land use compatibility statement from the city or county that authorizes
 2 the land use. The land use compatibility statement must demonstrate that the requested license is
 3 for a land use that is allowable as a permitted or conditional use within the given zoning designation
 4 where the land is located. The Oregon Liquor [*Control*] **and Cannabis** Commission may not issue a
 5 license if the land use compatibility statement shows that the proposed land use is prohibited in the
 6 applicable zone.

7 (2) Except as provided in subsection (3) of this section, a city or county that receives a request
 8 for a land use compatibility statement under this section must act on that request within 21 days
 9 of:

- 10 (a) Receipt of the request, if the land use is allowable as an outright permitted use; or
- 11 (b) Final local permit approval, if the land use is allowable as a conditional use.

12 (3) A city or county that receives a request for a land use compatibility statement under this
 13 section is not required to act on that request during the period that the commission discontinues
 14 licensing those premises pursuant to ORS 475B.800 (4)(b).

15 (4) A city or county action concerning a land use compatibility statement under this section is
 16 not a land use decision for purposes of ORS chapter 195, 196, 197, 215 or 227.

17 **SECTION 36.** ORS 475B.065 is amended to read:

18 475B.065. Licensees and licensee representatives may produce, deliver and possess marijuana
 19 items subject to the provisions of ORS 475B.010 to 475B.395 **and rules adopted under ORS**
 20 **475B.010 to 475B.395.** The production, delivery [*and*] **or** possession of marijuana items by a licensee
 21 or a licensee representative in compliance with ORS 475B.010 to 475B.395 **and rules adopted under**
 22 **ORS 475B.010 to 475B.395** does not constitute a criminal or civil offense under the laws of this
 23 state.

24 **SECTION 37.** ORS 475B.068 is amended to read:

25 475B.068. [*The same person may hold one or more production licenses, one or more processor li-*
 26 *censes, one or more wholesale licenses and one or more retail licenses.*] **A person may hold:**

- 27 (1) **Multiple licenses to conduct at different premises the same activity for which a li-**
 28 **cence is required under ORS 475B.010 to 475B.395; and**
- 29 (2) **Multiple types of licenses to conduct at the same or different premises different ac-**
 30 **tivities for which a license is required under ORS 475B.010 to 475B.395.**

31 **SECTION 38.** ORS 475B.070, as amended by section 1, chapter 24, Oregon Laws 2016, and sec-
 32 tion 7, chapter 83, Oregon Laws 2016, is amended to read:

33 475B.070. (1) The production of marijuana is subject to regulation by the Oregon Liquor
 34 [*Control*] **and Cannabis** Commission.

35 (2) A marijuana producer must have a production license issued by the commission for the
 36 premises at which the marijuana is produced. To hold a production license under this section, a
 37 marijuana producer:

- 38 (a) Must apply for a license in the manner described in ORS 475B.040;
- 39 (b) Must provide proof that the applicant is 21 years of age or older; and
- 40 (c) Must meet the requirements of any rule adopted by the commission under subsection (3) of
 41 this section.

42 (3) The commission shall adopt rules that:

- 43 (a) Require a marijuana producer to annually renew a license issued under this section;
- 44 (b) Establish application, licensure and renewal of licensure fees for marijuana producers;
- 45 (c) Require marijuana produced by marijuana producers to be tested in accordance with ORS

1 475B.555;

2 (d) Assist the viability of marijuana producers that are independently owned and operated and
3 that are limited in size and revenue with respect to other marijuana producers, by minimizing bar-
4 riers to entry into the regulated system and by expanding, to the extent practicable, transportation
5 options that will support their access to the retail market;

6 (e) Allow a marijuana producer registered under section 2, chapter 83, Oregon Laws 2016, to
7 produce marijuana for medical purposes in the same manner that rules adopted under ORS 475B.010
8 to 475B.395 allow a marijuana producer to produce marijuana for nonmedical purposes, excepting
9 those circumstances where differentiating between the production of marijuana for medical purposes
10 and the production of marijuana for nonmedical purposes is necessary to protect the public health
11 and safety;

12 (f) Require marijuana producers to submit, at the time of applying for or renewing a license
13 under ORS 475B.040, a report describing the applicant's or licensee's electrical or water usage; and

14 (g)(A) Require a marijuana producer to meet any public health and safety standards and industry
15 best practices established by the commission by rule related to:

16 (i) The production of marijuana; or

17 (ii) The propagation of immature marijuana plants and [*the seeds of the plant Cannabis family*
18 *Cannabaceae*] **marijuana seeds**.

19 (B) For purposes of establishing rules under subparagraph (A)(ii) of this paragraph, the com-
20 mission may not limit:

21 (i) The number of immature marijuana plants that may be possessed by a marijuana producer
22 licensed under this section;

23 (ii) The size of the grow canopy a marijuana producer licensed under this section uses to grow
24 immature marijuana plants; or

25 (iii) The weight or size of shipments of immature marijuana plants made by a marijuana pro-
26 ducer licensed under this section.

27 (4) Fees adopted under subsection (3)(b) of this section:

28 (a) May not exceed, together with other fees collected under ORS 475B.010 to 475B.395, the cost
29 of administering ORS 475B.010 to 475B.395;

30 (b) Shall be in the form of a schedule that imposes a greater fee for premises with more square
31 footage or on which more mature marijuana plants are grown; and

32 (c) Shall be deposited in the Marijuana Control and Regulation Fund established under ORS
33 475B.240.

34 **SECTION 39.** ORS 475B.075, as amended by section 10, chapter 24, Oregon Laws 2016, is
35 amended to read:

36 475B.075. (1) Subject to subsection (2) of this section, the Oregon Liquor [*Control*] **and Cannabis**
37 Commission shall adopt rules restricting the size of mature marijuana plant grow canopies at
38 premises for which a license has been issued under ORS 475B.070. In adopting rules under this
39 subsection, the commission shall:

40 (a) Limit the size of mature marijuana plant grow canopies, for premises where marijuana is
41 grown outdoors and for premises where marijuana is grown indoors, in a manner calculated to result
42 in premises that produce the same amount of harvested marijuana leaves and harvested marijuana
43 flowers regardless of whether the marijuana is grown outdoors or indoors.

44 (b) Adopt a tiered system under which the permitted size of a marijuana producer's mature
45 marijuana plant grow canopy increases at the time of licensure renewal under ORS 475B.070, except

1 that the permitted size of a marijuana producer's mature marijuana plant grow canopy may not in-
 2 crease following any year during which the commission disciplined the marijuana producer for vio-
 3 lating a provision of ORS 475B.010 to 475B.395 or a rule adopted under [*a provision of*] ORS 475B.010
 4 to 475B.395.

5 (c) Take into consideration the market demand for marijuana items in this state, the number of
 6 [*persons*] **marijuana producers** applying for a license under ORS 475B.070, [*and to whom a license*
 7 *has been issued*] **the number of marijuana producers that hold a license issued** under ORS
 8 475B.070[,] and whether the availability of marijuana items in this state is commensurate with the
 9 market demand.

10 (2) This section:

11 (a) Applies only to that portion of a premises for which a license has been issued under ORS
 12 475B.070 that is used to produce mature marijuana plants; and

13 (b) Does not apply to a premises for which a license has been issued under ORS 475B.070 if the
 14 premises is used only to propagate immature marijuana plants.

15 **SECTION 40.** ORS 475B.090, as amended by section 2, chapter 24, Oregon Laws 2016, and sec-
 16 tion 8, chapter 83, Oregon Laws 2016, is amended to read:

17 475B.090. (1) The processing of marijuana items is subject to regulation by the Oregon Liquor
 18 [*Control*] **and Cannabis** Commission.

19 (2) A marijuana processor must have a processor license issued by the commission for the
 20 premises at which marijuana items are processed. To hold a processor license under this section, a
 21 marijuana processor:

22 (a) Must apply for a license in the manner described in ORS 475B.040;

23 (b) Must provide proof that the applicant is 21 years of age or older;

24 (c) If the marijuana processor processes marijuana extracts, may not be located in an area zoned
 25 exclusively for residential use; and

26 (d) Must meet the requirements of any rule adopted by the commission under subsection (3) of
 27 this section.

28 (3) The commission shall adopt rules that:

29 (a) Require a marijuana processor to annually renew a license issued under this section;

30 (b) Establish application, licensure and renewal of licensure fees for marijuana processors;

31 (c) Require marijuana processed by a marijuana processor to be tested in accordance with ORS
 32 475B.555;

33 (d) Allow a marijuana processor registered under section 3, chapter 83, Oregon Laws 2016, to
 34 process marijuana and usable marijuana into medical grade cannabinoid products, cannabinoid con-
 35 centrates and cannabinoid extracts in the same manner that rules adopted under ORS 475B.010 to
 36 475B.395 allow a marijuana processor to process marijuana and usable marijuana into general use
 37 cannabinoid products, cannabinoid concentrates and cannabinoid extracts, excepting those circum-
 38 stances where differentiating between the processing of medical grade cannabinoid products,
 39 cannabinoid concentrates and cannabinoid extracts and the processing of general use cannabinoid
 40 products, cannabinoid concentrates and cannabinoid extracts is necessary to protect the public
 41 health and safety; and

42 (e) Require a marijuana processor to meet any public health and safety standards and industry
 43 best practices established by the commission by rule related to:

44 (A) Cannabinoid edibles;

45 (B) Cannabinoid concentrates;

1 (C) Cannabinoid extracts; and

2 (D) Any other type of cannabinoid product identified by the commission by rule.

3 (4) Fees adopted under subsection (3)(b) of this section:

4 (a) May not exceed, together with other fees collected under ORS 475B.010 to 475B.395, the cost
5 of administering ORS 475B.010 to 475B.395; and

6 (b) Shall be deposited in the Marijuana Control and Regulation Fund established under ORS
7 475B.240.

8 **SECTION 41.** ORS 475B.100, as amended by section 3, chapter 24, Oregon Laws 2016, and sec-
9 tion 9, chapter 83, Oregon Laws 2016, is amended to read:

10 475B.100. (1) The wholesale sale of marijuana items is subject to regulation by the Oregon Li-
11 quor [*Control*] **and Cannabis** Commission.

12 (2) A marijuana wholesaler must have a wholesale license issued by the commission for the
13 premises at which marijuana items are received, stored or delivered. To hold a wholesale license
14 under this section, a marijuana wholesaler:

15 (a) Must apply for a license in the manner described in ORS 475B.040;

16 (b) Must provide proof that the applicant is 21 years of age or older;

17 (c) May not be located in an area that is zoned exclusively for residential use; and

18 (d) Must meet the requirements of any rule adopted by the commission under subsection (3) of
19 this section.

20 (3) The commission shall adopt rules that:

21 (a) Require a marijuana wholesaler to annually renew a license issued under this section;

22 (b) Establish application, licensure and renewal of licensure fees for marijuana wholesalers;

23 (c) Require marijuana items received, stored or delivered by a marijuana wholesaler to be tested
24 in accordance with ORS 475B.555;

25 (d) Allow a marijuana wholesaler registered under section 4, chapter 83, Oregon Laws 2016, to
26 sell medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts at
27 wholesale in the same manner that rules adopted under ORS 475B.010 to 475B.395 allow a marijuana
28 wholesaler to sell general use cannabinoid products, cannabinoid concentrates and cannabinoid ex-
29 tracts at wholesale, excepting those circumstances where differentiating between the sale of medical
30 grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts and the sale of
31 general use cannabinoid products, cannabinoid concentrates and cannabinoid extracts is necessary
32 to protect the public health and safety; and

33 (e) Require a marijuana wholesaler to meet any public health and safety standards and industry
34 best practices established by the commission by rule.

35 (4) Fees adopted under subsection (3)(b) of this section:

36 (a) May not exceed, together with other fees collected under ORS 475B.010 to 475B.395, the cost
37 of administering ORS 475B.010 to 475B.395; and

38 (b) Shall be deposited in the Marijuana Control and Regulation Fund established under ORS
39 475B.240.

40 **SECTION 42.** ORS 475B.110, as amended by section 4, chapter 24, Oregon Laws 2016, and sec-
41 tion 10, chapter 83, Oregon Laws 2016, is amended to read:

42 475B.110. (1) The retail sale of marijuana items is subject to regulation by the Oregon Liquor
43 [*Control*] **and Cannabis** Commission.

44 (2) A marijuana retailer must have a retail license issued by the commission for the premises
45 at which marijuana items are sold. To hold a retail license under this section, a marijuana retailer:

- 1 (a) Must apply for a license in the manner described in ORS 475B.040;
- 2 (b) Must provide proof that the applicant is 21 years of age or older;
- 3 (c) May not be located in an area that is zoned exclusively for residential use;
- 4 (d) Except as provided in section 29b, chapter 83, Oregon Laws 2016, may not be located within
- 5 1,000 feet of:
- 6 (A) A public elementary or secondary school for which attendance is compulsory under ORS
- 7 339.020; or
- 8 (B) A private or parochial elementary or secondary school, teaching children as described in
- 9 ORS 339.030 (1)(a); and
- 10 (e) Must meet the requirements of any rule adopted by the commission under subsection (3) of
- 11 this section.
- 12 (3) The commission shall adopt rules that:
- 13 (a) Require a marijuana retailer to annually renew a license issued under this section;
- 14 (b) Establish application, licensure and renewal of licensure fees for marijuana retailers;
- 15 (c) Require marijuana items sold by a marijuana retailer to be tested in accordance with ORS
- 16 475B.555;
- 17 (d) Subject to the limitations and privileges described in section 5 (4), chapter 83, Oregon Laws
- 18 2016, allow a marijuana retailer registered under section 5, chapter 83, Oregon Laws 2016, to sell
- 19 medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts at retail in
- 20 the same manner that rules adopted under ORS 475B.010 to 475B.395 allow a marijuana retailer to
- 21 sell general use cannabinoid products, cannabinoid concentrates and cannabinoid extracts at retail,
- 22 excepting those circumstances where differentiating between the sale of medical grade cannabinoid
- 23 products, cannabinoid concentrates and cannabinoid extracts and the sale of general use
- 24 cannabinoid products, cannabinoid concentrates and cannabinoid extracts is necessary to protect the
- 25 public health and safety; and
- 26 (e) Require a marijuana retailer to meet any public health and safety standards and industry
- 27 best practices established by the commission by rule.
- 28 (4) Fees adopted under subsection (3)(b) of this section:
- 29 (a) May not exceed, together with other fees collected under ORS 475B.010 to 475B.395, the cost
- 30 of administering ORS 475B.010 to 475B.395; and
- 31 (b) Shall be deposited in the Marijuana Control and Regulation Fund established under ORS
- 32 475B.240.

33 **SECTION 43.** ORS 475B.115 is amended to read:

34 475B.115. If a school described in ORS 475B.110 (2)(d) that has not previously been attended by

35 children is established within 1,000 feet of a premises for which a license has been issued under ORS

36 475B.110, the marijuana retailer located at that premises may remain at that location unless the

37 Oregon Liquor [*Control*] **and Cannabis** Commission revokes the license of the marijuana retailer

38 under ORS 475B.210.

39 **SECTION 44.** ORS 475B.125 is amended to read:

40 475B.125. The Oregon Liquor [*Control*] **and Cannabis** Commission may adopt rules establishing

41 the circumstances under which the commission may require a marijuana retailer that holds a license

42 issued under ORS 475B.110 to use an age verification scanner or any other equipment used to verify

43 a person's age for the purpose of ensuring that the marijuana retailer does not sell marijuana items

44 to a person under 21 years of age. [*The marijuana retailer may not retain any*] Information obtained

45 under this section **may not be retained** after verifying a person's age. [*The marijuana retailer may*

1 *not use any*] Information obtained under this section **may not be used** for any purpose other than
 2 verifying a person's age.

3 **SECTION 45.** ORS 475B.130 is amended to read:

4 475B.130. (1) The Oregon Liquor [*Control*] **and Cannabis** Commission [*has the right after 72*
 5 *hours' notice to the owner or the agent of the owner to*] **may after 72 hours' notice** make an exam-
 6 ination of the books [*and*] **of a licensee for the purpose of determining compliance with ORS**
 7 **475B.010 to 475B.395 and rules adopted under ORS 475B.010 to 475B.395.**

8 **(2) The commission** may at any time make an examination of [*the*] a premises [*of any person*
 9 *licensed*] **for which a license has been issued** under ORS 475B.010 to 475B.395 for the purpose of
 10 determining compliance with **the provisions of ORS 475B.010 to 475B.395 and** [*the rules of the*
 11 *commission*] **rules adopted under ORS 475B.010 to 475B.395.**

12 [(2)] **(3)** The commission may not require the books of a licensee to be maintained on [*the*] a
 13 premises of the licensee.

14 [(3)] **(4)** This section does not authorize the commission to make an examination of [*the*] a
 15 premises of a person registered under ORS 475B.400 to 475B.525.

16 **SECTION 46.** ORS 475B.135 is amended to read:

17 475B.135. As is necessary to protect the public health and safety, the Oregon Liquor [*Control*]
 18 **and Cannabis** Commission may require a premises licensed under ORS [*475B.070, 475B.090,*
 19 *475B.100 or 475B.110*] **475B.010 to 475B.395** to be segregated into separate areas:

20 (1) For conducting the activities permitted under each license, if the licensee holds more than
 21 one license issued under ORS [*475B.070, 475B.090, 475B.100 or 475B.110*] **475B.010 to 475B.395 for**
 22 **the same premises;** or

23 (2) For conducting activities related to processing marijuana into different types of cannabinoid
 24 products, cannabinoid concentrates or cannabinoid extracts, if the licensee is a marijuana processor
 25 **that holds a license issued under ORS 475B.090 and** that processes marijuana into any combina-
 26 tion of different types of products, concentrates and extracts.

27 **SECTION 47.** ORS 475B.140 is amended to read:

28 475B.140. As is necessary to protect the public health and safety, the Oregon Liquor [*Control*]
 29 **and Cannabis** Commission may require a [*person that holds a license under ORS 475B.070, 475B.090,*
 30 *475B.100 or 475B.110*] **licensee** to maintain general liability insurance in an amount that the com-
 31 mission determines is reasonably affordable and available for the purpose of protecting the [*person*]
 32 **licensee** against damages resulting from a cause of action related to activities undertaken pursuant
 33 to the license **held by the licensee.**

34 **SECTION 48.** ORS 475B.145 is amended to read:

35 475B.145. In adopting rules related to industry best practices under ORS 475B.070, 475B.090,
 36 475B.100 and 475B.110, the Oregon Liquor [*Control*] **and Cannabis** Commission may establish
 37 merit-based criteria for licensure or renewal of licensure, including, but not limited to, possession
 38 of a developed business plan, access to sufficient capital, offering living wages and benefits to em-
 39 ployees, provision of training and apprenticeship, provision of community benefits, implementation
 40 of best environmental practices and implementation of consumer safety practices.

41 **SECTION 49.** ORS 475B.150, as amended by section 64, chapter 24, Oregon Laws 2016, is
 42 amended to read:

43 475B.150. (1) The Oregon Liquor [*Control*] **and Cannabis** Commission shall develop and maintain
 44 a system for tracking the transfer of marijuana items between premises **for which licenses have**
 45 **been issued under ORS 475B.010 to 475B.395.**

1 (2) The purposes of the system developed and maintained under this section include, but are not
 2 limited to:

3 (a) Preventing the diversion of marijuana items to criminal enterprises, gangs, cartels and other
 4 states;

5 (b) Preventing persons from substituting or tampering with marijuana items;

6 (c) Ensuring an accurate accounting of the production, processing and sale of marijuana items;

7 (d) Ensuring that laboratory testing results are accurately reported; and

8 (e) Ensuring compliance with *[the provisions of]* ORS 475B.010 to 475B.395, rules adopted under
 9 *[the provisions of]* ORS 475B.010 to 475B.395 and any other law of this state that charges the com-
 10 mission with a duty, function or power related to marijuana.

11 (3) The system developed and maintained under this section must be capable of tracking, at a
 12 minimum:

13 (a) The propagation of immature marijuana plants and the production of marijuana by a
 14 marijuana producer;

15 (b) The processing of marijuana by a marijuana processor;

16 (c) The receiving, storing and delivering of marijuana items by a marijuana wholesaler;

17 (d) The sale of marijuana items by a marijuana retailer to a consumer;

18 (e) The **sale and purchase** *[and sale]* of marijuana items between licensees, as permitted by ORS
 19 475B.010 to 475B.395;

20 (f) The transfer of marijuana items between premises **for which licenses have been issued**
 21 **under ORS 475B.010 to 475B.395**; and

22 (g) Any other information that the commission determines is reasonably necessary to accomplish
 23 the duties, functions and powers of the commission under ORS 475B.010 to 475B.395.

24 **SECTION 50.** ORS 475B.160, as amended by section 23, chapter 23, Oregon Laws 2016, section
 25 65, chapter 24, Oregon Laws 2016, and section 12, chapter 83, Oregon Laws 2016, is amended to
 26 read:

27 475B.160. (1) Except as provided in section 22, chapter 23, Oregon Laws 2016, and section 2,
 28 chapter 83, Oregon Laws 2016, a marijuana producer **that holds a license issued under ORS**
 29 **475B.070**, marijuana processor **that holds a license issued under ORS 475B.090** or marijuana
 30 wholesaler **that holds a license issued under ORS 475B.100** may deliver marijuana items only to
 31 or on a premises **for which a license has been issued under ORS 475B.070, 475B.090, 475B.100**
 32 **or 475B.110.**

33 (2) *[A premises]* **A licensee to whom marijuana items may be delivered under subsection**
 34 **(1) of this section** may receive marijuana items only from:

35 *[(a) A marijuana producer, marijuana processor or marijuana wholesaler for whom a premises has*
 36 *been licensed by the Oregon Liquor Control Commission;]*

37 **(a) A marijuana producer that holds a license issued under ORS 475B.070, marijuana**
 38 **processor that holds a license issued under ORS 475B.090 or marijuana wholesaler that holds**
 39 **a license issued under ORS 475B.100;**

40 (b) A researcher of cannabis *[certified]* **that holds a certificate issued** under ORS 475B.235
 41 *[who]* **and that** transfers limited amounts of marijuana, usable marijuana, cannabinoid products,
 42 cannabinoid concentrates and cannabinoid extracts in accordance with procedures adopted under
 43 ORS 475B.235 (3)(d) and (e); or

44 (c) A marijuana grow site registered under ORS 475B.420, marijuana processing site registered
 45 under ORS 475B.435, or a medical marijuana dispensary registered under ORS 475B.450, acting in

1 accordance with procedures adopted by the commission under section 25, chapter 24, Oregon Laws
2 2016.

3 (3) The sale of marijuana items by a marijuana retailer that holds a license issued under ORS
4 475B.110 must be restricted to the premises [*described in the license*] **for which the license has**
5 **been issued**, but deliveries may be made by [*the*] a marijuana retailer to consumers pursuant to a
6 bona fide order received at the premises prior to delivery.

7 **SECTION 51.** ORS 475B.170 is amended to read:

8 475B.170. (1) Subject to subsection (2) of this section, a licensee or licensee representative, be-
9 fore selling or providing a marijuana item to another person, must require the person to produce
10 one of the following pieces of identification:

11 (a) The person's passport.

12 (b) The person's driver license, whether issued in this state or by [*any other state, as long as the*
13 *license has a picture of the person*] **another state**.

14 (c) An identification card issued under ORS 807.400.

15 (d) A United States military identification card.

16 (e) Any other identification card issued by a state that bears a picture of the person, the name
17 of the person, the person's date of birth and a physical description of the person.

18 (2) The Oregon Liquor [*Control*] **and Cannabis** Commission may adopt rules exempting a
19 licensee or licensee representative from this section.

20 **SECTION 52.** ORS 475B.180 is amended to read:

21 475B.180. (1) A licensee may not employ [*any*] a person under 21 years of age [*in any part of any*
22 *licensed premises*] **at a premises for which a license has been issued under ORS 475B.010 to**
23 **475B.395**.

24 (2) During [*any*] **an** inspection of a [*licensed*] premises **for which a license has been issued**
25 **under ORS 475B.010 to 475B.395**, the Oregon Liquor [*Control*] **and Cannabis** Commission may re-
26 quire proof that a person performing work at the premises is 21 years of age or older. If the person
27 does not provide the commission with acceptable proof of age upon request, the commission may
28 require the person to immediately cease any activity and leave the premises until the commission
29 receives acceptable proof of age. This subsection does not apply to a person temporarily at the
30 premises to make a service, maintenance or repair call or for other purposes independent of the
31 premises operations.

32 (3) If a person performing work has not provided proof of age requested by the commission under
33 subsection (2) of this section, the commission may request that the licensee provide proof that the
34 person is 21 years of age or older. Failure of the licensee to respond to a request made under this
35 subsection by providing acceptable proof of age for a person is prima facie evidence that the
36 licensee has allowed the person to perform work at the [*licensed*] premises **for which a license has**
37 **been issued under ORS 475B.010 to 475B.395** in violation of the minimum age requirement.

38 **SECTION 53.** ORS 475B.185, as amended by section 39, chapter 24, Oregon Laws 2016, is
39 amended to read:

40 475B.185. (1) A person may not import marijuana items into this state or export marijuana items
41 from this state.

42 (2) Except as provided in subsection (3) of this section, a violation of this section is a Class B
43 violation.

44 (3) A violation of this section is a:

45 (a) Class C felony, if the importation or exportation:

1 (A) Is for consideration and the person [*holds a license under ORS 475B.070, 475B.090, 475B.100*
 2 *or 475B.110*] **is a licensee**; or

3 (B) Concerns usable marijuana and the importation or exportation exceeds 16 ounces of usable
 4 marijuana.

5 (b) Class A misdemeanor, if the importation or exportation:

6 (A) Is not for consideration and the person [*holds a license under ORS 475B.070, 475B.090,*
 7 *475B.100 or 475B.110*] **is a licensee**; or

8 (B) Concerns usable marijuana and the importation or exportation exceeds one ounce of usable
 9 marijuana.

10 **SECTION 54.** ORS 475B.190 is amended to read:

11 475B.190. (1) A licensee may not use or allow the use of a mark or label on the container of a
 12 marijuana item that is kept for sale if the [*container*] **mark or label** does not precisely and clearly
 13 indicate the nature of the container's contents or **if the mark or label** in any way might deceive
 14 a customer [*as to*] **about** the nature, composition, quantity, age or quality of the [*marijuana item.*]
 15 **container's contents.**

16 (2) The Oregon Liquor [*Control*] **and Cannabis** Commission may prohibit a licensee from selling
 17 any brand of marijuana item that in the commission's judgment is deceptively **branded or** labeled
 18 [*or branded as to content*] or contains injurious or adulterated ingredients.

19 **SECTION 55.** ORS 475B.195 is amended to read:

20 475B.195. (1) A marijuana item may not be sold or offered for sale within this state unless the
 21 marijuana item complies with the minimum standards prescribed by the statutory laws of this state.

22 (2) The Oregon Liquor [*Control*] **and Cannabis** Commission may prohibit the sale of a marijuana
 23 item by a marijuana retailer for a reasonable period of time for the purpose of determining whether
 24 the marijuana item complies with the minimum standards prescribed by the statutory laws of this
 25 state.

26 **SECTION 56.** ORS 475B.200 is amended to read:

27 475B.200. (1) Except for a [*licensed marijuana producer and the producer's licensee*
 28 *representative*] **marijuana producer that holds a license issued under ORS 475B.070 or licensee**
 29 **representative of a marijuana producer that holds a license issued under ORS 475B.070,** a
 30 **licensee or licensee representative** may not possess a mature marijuana plant.

31 (2) A licensee **or licensee representative** may not sell a mature marijuana plant.

32 **SECTION 57.** ORS 475B.205 is amended to read:

33 475B.205. (1) A person may not make false representations or statements to the Oregon Liquor
 34 [*Control*] **and Cannabis** Commission in order to induce or prevent action by the commission.

35 (2) A licensee [*of the commission*] may not maintain a noisy, lewd, disorderly or insanitary es-
 36 tablishment or supply impure or otherwise deleterious marijuana items.

37 (3) A licensee [*of the commission*] may not misrepresent to a customer or to the public any
 38 marijuana items.

39 **SECTION 58.** ORS 475B.210 is amended to read:

40 475B.210. The Oregon Liquor [*Control*] **and Cannabis** Commission may revoke or suspend a li-
 41 cense issued under ORS 475B.010 to 475B.395 if the commission finds or has reasonable ground to
 42 believe any of the following to be true:

43 (1) That the licensee:

44 (a) Has violated a provision of ORS 475B.010 to 475B.395 or a rule [*of the commission*] adopted
 45 under ORS 475B.010 to 475B.395.

1 (b) Has made any false representation or statement to the commission in order to induce or
 2 prevent action by the commission.

3 (c) Is insolvent or incompetent or physically unable to carry on the management of the estab-
 4 lishment of the licensee.

5 (d) Is in the habit of using alcoholic liquor, habit-forming drugs, marijuana or controlled sub-
 6 stances to excess.

7 (e) Has misrepresented to a customer or the public any marijuana items sold by the licensee.

8 (f) Since the [*granting*] **issuance** of the license, has been convicted of a felony, of violating any
 9 of the marijuana laws of this state, general or local, or of any misdemeanor or violation of any
 10 municipal ordinance committed on the [*licensed*] premises **for which the license has been issued**.

11 (2) That there is any other reason that, in the opinion of the commission, based on public con-
 12 venience or necessity, warrants [*canceling*] **revoking** or suspending the license.

13 **SECTION 59.** ORS 475B.215, as amended by section 16, chapter 23, Oregon Laws 2016, is
 14 amended to read:

15 475B.215. (1) An individual who performs work for or on behalf of a [*person who holds a license*
 16 *under ORS 475B.070, 475B.090, 475B.100 or 475B.110*] **licensee** must have a valid permit issued by
 17 the Oregon Liquor [*Control*] **and Cannabis** Commission under ORS 475B.218 if the individual par-
 18 ticipates in:

19 (a) The possession, production, propagation, processing, securing or selling of marijuana items
 20 at the premises for which the license has been issued;

21 (b) The recording of the possession, production, propagation, processing, securing or selling of
 22 marijuana items at the premises for which the license has been issued; or

23 (c) The verification of any document described in ORS 475B.170.

24 (2) A [*person who holds a license under ORS 475B.070, 475B.090, 475B.100 or 475B.110*] **licensee**
 25 must verify that an individual has a valid permit issued under ORS 475B.218 before allowing the
 26 individual to perform any work described in subsection (1) of this section at the premises for which
 27 the license has been issued.

28 **SECTION 60.** ORS 475B.218, as amended by section 13, chapter 24, Oregon Laws 2016, is
 29 amended to read:

30 475B.218. (1) The Oregon Liquor [*Control*] **and Cannabis** Commission shall issue permits to
 31 qualified applicants to perform work described in ORS 475B.215. The commission shall adopt rules
 32 establishing:

33 (a) The qualifications for performing work described in ORS 475B.215;

34 (b) The term of a permit issued under this section;

35 (c) Procedures for applying for and renewing a permit issued under this section; and

36 (d) Reasonable application, issuance and renewal fees for a permit issued under this section.

37 (2)(a) The commission may require an individual applying for a permit under this section to
 38 successfully complete a course, made available by or through the commission, through which the
 39 individual receives training on:

40 (A) Checking identification;

41 (B) Detecting intoxication;

42 (C) Handling marijuana items;

43 **(D) Best practices for producing and propagating marijuana;**

44 **(E) Best practices for processing marijuana;**

45 [(D)] **(F)** The content of ORS 475B.010 to 475B.395 and rules adopted under ORS 475B.010 to

1 475B.395; *[and]* **or**

2 *[(E)]* (G) Any matter deemed necessary by the commission to protect the public health and
 3 safety.

4 (b) The commission or other provider of *[the]* a course may charge a reasonable fee for the
 5 course.

6 (c) The commission may not require an individual to successfully complete *[the]* a course more
 7 than once, except that:

8 (A) As part of a final order suspending a permit issued under this section, the commission may
 9 require a permit holder to successfully complete the course as a condition of lifting the suspension;
 10 and

11 (B) As part of a final order revoking a permit issued under this section, the commission shall
 12 require an individual to successfully complete the course prior to applying for a new permit.

13 (3) The commission shall conduct a criminal records check under ORS 181A.195 on an individual
 14 applying for a permit under this section.

15 (4) Subject to the applicable provisions of ORS chapter 183, the commission may suspend, revoke
 16 or refuse to issue or renew a permit if the individual who is applying for or who holds the permit:

17 (a) Is convicted of a felony or is convicted of an offense under ORS 475.856, 475.858, 475.860,
 18 475.862 or 475B.010 to 475B.395, except that the commission may not consider a conviction for an
 19 offense under ORS 475.856, 475.858, 475.860, 475.862 or 475B.010 to 475B.395 if the date of the con-
 20 viction is two or more years before the date of the application or renewal;

21 (b) Violates any provision of ORS 475B.010 to 475B.395 or any rule adopted under ORS 475B.010
 22 to 475B.395; or

23 (c) Makes a false statement to the commission.

24 (5) A permit issued under this section is a personal privilege and permits work described under
 25 ORS 475B.215 only for the individual who holds the permit.

26 **SECTION 61.** ORS 475B.230 is amended to read:

27 475B.230. (1) An employee of a *[person licensed under ORS 475B.070, 475B.090, 475B.100 or*
 28 *475B.110]* **licensee** has the right to form, join and participate in the activities of a labor organization
 29 of the employee's own choosing for the purpose of securing representation and collective bargaining
 30 for matters concerning employment relations with the *[person licensed under ORS 475B.070,*
 31 *475B.090, 475B.100 or 475B.110]* **licensee**.

32 (2) For purposes of this section, the provisions of ORS chapters 661 to 663 apply to relations
 33 between employees of *[persons licensed under ORS 475B.070, 475B.090, 475B.100 and 475B.110]*
 34 **licensees** and employers that are *[licensed under ORS 475B.070, 475B.090, 475B.100 or 475B.110]*
 35 **licensees** in the same manner that those provisions apply to other employment relations.

36 **SECTION 62.** ORS 475B.233 is amended to read:

37 475B.233. (1) It is an unlawful employment practice for a *[person that holds a license under ORS*
 38 *475B.070, 475B.090, 475B.100 or 475B.110]* **licensee** to discharge, demote, suspend or in any manner
 39 discriminate or retaliate against an employee of the *[person]* **licensee** with regard to promotion,
 40 compensation or other terms, conditions or privileges of employment on the basis that the employee
 41 has in good faith reported information to the Oregon Liquor *[Control]* **and Cannabis** Commission
 42 that the employee believes is evidence of a violation of a provision of ORS 475B.010 to 475B.395 or
 43 a rule adopted under *[a provision of]* ORS 475B.010 to 475B.395.

44 (2) This section is subject to enforcement under ORS chapter 659A.

45 **SECTION 63.** ORS 475B.235, as amended by section 24, chapter 23, Oregon Laws 2016, and

1 section 12, chapter 24, Oregon Laws 2016, is amended to read:

2 475B.235. (1) The Oregon Liquor [*Control*] **and Cannabis** Commission, in consultation with the
3 Oregon Health Authority and the State Department of Agriculture, shall establish a program for the
4 purpose of identifying and certifying private and public researchers of cannabis.

5 (2)(a) The authority shall assist the commission in identifying candidates for certification under
6 this section with respect to potential medical research.

7 (b) The department shall assist the commission in identifying candidates for certification under
8 this section with respect to potential agricultural research.

9 (3) Subject to subsection (4) of this section, the commission shall adopt by rule or order:

10 (a) Qualifications for certification under this section;

11 (b) The term of a certificate issued under this section;

12 (c) Processes for applying for, receiving and renewing a certificate under this section;

13 (d) Procedures for tracking marijuana, usable marijuana, cannabinoid products, cannabinoid
14 concentrates and cannabinoid extracts received by and disposed or otherwise made use of by a
15 person [*certified*] **that holds a certificate issued** under this section; and

16 (e) Procedures for disposing or otherwise making use of marijuana, usable marijuana,
17 cannabinoid products, cannabinoid concentrates and cannabinoid extracts.

18 (4) In establishing qualifications under subsection (3) of this section, the commission shall con-
19 sider the following:

20 (a) A research applicant's access to funding and the overall cost of the proposed research;

21 (b) The overall benefit of an applicant's proposed research to this state's cannabis industry or
22 to public health and safety; and

23 (c) Legal barriers to conducting the proposed research or legal risks associated with conducting
24 the proposed research.

25 (5) In adopting procedures under subsection (3)(d) and (e) of this section with respect to making
26 use of marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and
27 cannabinoid extracts, the commission shall also adopt procedures by which a person [*certified*] **that**
28 **holds a certificate issued** under this section may transfer limited amounts of marijuana, usable
29 marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts to another
30 person [*certified*] **that holds a certificate issued** under this section or to a premises for which a
31 license has been issued under ORS 475B.070, 475B.090, 475B.100 or 475B.110.

32 (6) In adopting procedures under subsection (3)(d) and (e) of this section with respect to making
33 use of marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and
34 cannabinoid extracts, the commission shall also adopt procedures by which a person certified under
35 this section may give, devise or bequest usable marijuana, immature marijuana plants, **marijuana**
36 seeds, cannabinoid products, cannabinoid concentrates and cannabinoid extracts to a medical
37 marijuana dispensary registered with the authority under ORS 475B.450 and owned by a nonprofit
38 corporation organized under ORS chapter 65 for purposes described in section 22, chapter 23,
39 Oregon Laws 2016.

40 (7) A person [*certified*] **that holds a certificate issued** under this section:

41 (a) May receive marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates
42 and cannabinoid extracts from a licensee or a registrant under ORS 475B.400 to 475B.525; and

43 (b) May not sell or otherwise transfer marijuana, usable marijuana, cannabinoid products,
44 cannabinoid concentrates or cannabinoid extracts to any other person, except as provided in this
45 section and rules adopted by the commission under this section.

1 (8) Except as otherwise provided by the commission by rule, rules adopted by the commission
 2 for the purpose of administering and enforcing ORS 475B.010 to 475B.395 with respect to licensees
 3 and licensee representatives apply to persons [*certified*] **that hold a certificate issued** under this
 4 section and persons employed by or who otherwise perform work for persons [*certified*] **that hold**
 5 **a certificate issued** under this section.

6 (9) A person [*who is certified*] **that holds a certificate issued** under this section, and an em-
 7 ployee of or other person who performs work for a person [*certified*] **that holds a certificate issued**
 8 under this section, is exempt from the criminal laws of this state for possession, delivery or manu-
 9 facture of marijuana, aiding and abetting another in the possession, delivery and manufacture of
 10 marijuana, or any other criminal offense in which possession, delivery or manufacture of marijuana
 11 is an element, while performing activities related to conducting research as described in this section.

12 **SECTION 64.** ORS 475B.240 is amended to read:

13 475B.240. The Marijuana Control and Regulation Fund is established in the State Treasury,
 14 separate and distinct from the General Fund. Interest earned by the Marijuana Control and Regu-
 15 lation Fund shall be credited to the fund. Moneys in the fund are continuously appropriated to the
 16 Oregon Liquor [*Control*] **and Cannabis** Commission to administer and enforce ORS 475B.010 to
 17 475B.395.

18 **SECTION 65.** ORS 475B.255, as amended by section 38, chapter 24, Oregon Laws 2016, is
 19 amended to read:

20 475B.255. A person other than a [*person*] **marijuana processor** that holds a license **issued** un-
 21 der ORS 475B.090 may not process cannabinoid extracts into a cannabinoid product.

22 **SECTION 66.** ORS 475B.260 is amended to read:

23 475B.260. (1)(a) A person under 21 years of age may not attempt to purchase, purchase or ac-
 24 quire a marijuana item.

25 (b) For purposes of this subsection, purchasing a marijuana item includes accepting a marijuana
 26 item, and acquiring a marijuana item includes consuming a marijuana item, provided that the con-
 27 sumption of the marijuana item occurred no more than 24 hours before the determination that the
 28 person consumed the marijuana item.

29 (2) Except as authorized by the Oregon Liquor [*Control*] **and Cannabis** Commission by rule, or
 30 as necessary in an emergency, a person under 21 years of age may not enter or attempt to enter
 31 any portion of a [*licensed*] premises that is posted or otherwise identified as being prohibited to the
 32 use of persons under 21 years of age.

33 (3) A person who violates subsection (1) or (2) of this section commits a Class B violation.

34 (4) In addition to and not in lieu of any other penalty established by law, a court may require
 35 a person under 21 years of age who violates subsection (1) of this section through misrepresentation
 36 of age to perform community service, and the court may order that the person's driving privileges
 37 and right to apply for driving privileges be suspended for a period not to exceed one year. If a court
 38 has issued an order suspending driving privileges under this section, the court, upon petition of the
 39 person, may withdraw the order at any time the court deems appropriate. The court notification to
 40 the Department of Transportation under this subsection may include a recommendation that the
 41 person be granted a hardship permit under ORS 807.240 if the person is otherwise eligible for the
 42 permit.

43 (5) If a person cited under this section is at least 13 years of age but less than 21 years of age
 44 at the time the person is found in default under ORS 153.102 or 419C.472 for failure to appear, in
 45 addition to and not in lieu of any other penalty, the court shall issue notice under ORS 809.220 to

1 the department for the department to suspend the person’s driving privileges under ORS 809.280 (4).

2 (6) In addition to and not in lieu of any penalty established by law, the court may order a person
 3 to undergo assessment and treatment if the person has previously been found to have violated this
 4 section.

5 (7) The prohibitions of this section do not apply to a person under 21 years of age who is acting
 6 under the direction of the commission or under the direction of state or local law enforcement
 7 agencies for the purpose of investigating possible violations of laws prohibiting sales of marijuana
 8 items to persons who are under 21 years of age.

9 (8) The prohibitions of this section do not apply to a person under 21 years of age who is acting
 10 under the direction of a licensee for the purpose of investigating possible violations by employees
 11 of the licensee of laws prohibiting sales of marijuana items to persons who are under 21 years of
 12 age.

13 (9)(a) A person under 21 years of age is not in violation of, and is immune from prosecution
 14 under, this section if:

15 (A) The person contacted emergency medical services or a law enforcement agency in order to
 16 obtain medical assistance for another person who was in need of medical assistance because that
 17 person consumed a marijuana item and the evidence of the violation of this section was obtained
 18 as a result of the person’s having contacted emergency medical services or a law enforcement
 19 agency; or

20 (B) The person was in need of medical assistance because the person consumed a marijuana item
 21 and the evidence of the violation of this section was obtained as a result of the person’s having
 22 sought or obtained the medical assistance.

23 (b) Paragraph (a) of this subsection does not exclude the use of evidence obtained as a result
 24 of a person’s having sought medical assistance in proceedings for crimes or offenses other than a
 25 violation of this section.

26 **SECTION 67.** ORS 475B.290 is amended to read:

27 475B.290. For purposes of ORS 475B.010 to 475B.395, the provisions of ORS 183.440 apply to
 28 subpoenas issued by the Oregon Liquor *[Control]* **and Cannabis** Commission and *[any]* **to subpoenas**
 29 **issued by an** authorized agent of the commission.

30 **SECTION 68.** ORS 475B.295 is amended to read:

31 475B.295. In addition to any other liability or penalty provided by law, the Oregon Liquor
 32 *[Control]* **and Cannabis** Commission may impose for each violation of a provision of ORS 475B.010
 33 to 475B.395 or a rule adopted under *[a provision of]* ORS 475B.010 to 475B.395 a civil penalty that
 34 does not exceed \$5,000 for each violation. The commission shall impose civil penalties under this
 35 section in the manner provided by ORS 183.745. Moneys collected under this section shall be de-
 36 posited in the Marijuana Control and Regulation Fund established under ORS 475B.240.

37 **SECTION 69.** ORS 475B.300 is amended to read:

38 475B.300. The *[state police, sheriffs and police]* **law enforcement** officers of this state may en-
 39 force ORS 475B.010 to 475B.395 and assist the Oregon Liquor *[Control]* **and Cannabis** Commission
 40 in detecting violations of ORS 475B.010 to 475B.395 and apprehending offenders. *[An enforcing]* **A**
 41 **law enforcement** officer who has notice, knowledge or reasonable ground of suspicion of a violation
 42 of ORS 475B.010 to 475B.395 shall immediately notify the district attorney **who has jurisdiction**
 43 **over the violation** and furnish the district attorney **who has jurisdiction over the violation** with
 44 names and addresses of any witnesses~~[,]~~ **to the violation** or other information *[within the officer’s*
 45 *knowledge, of]* **related to** the violation.

SECTION 70. ORS 475B.305 is amended to read:

475B.305. (1) When *[an]* a **law enforcement** officer arrests a person for *[violation of]* **violating** ORS 475B.010 to 475B.395, the **law enforcement** officer may take into possession all marijuana items and other property that the **arrested** person *[so arrested]* has in possession, or that is on the premises, that *[is]* apparently **is** being used in violation of ORS 475B.010 to 475B.395.

(2) If a person arrested as described in this section is convicted, and the court finds that the marijuana items and other property have been used in violation of *[the laws of this state]* **ORS 475B.010 to 475B.395:**

(a) The marijuana items must be forfeited to an appropriate state or local law enforcement agency and must be delivered by the court or **law enforcement** officer, at the direction of the court, to the law enforcement agency; and

(b) Subject to **any** other applicable law, the other property must be forfeited to the Oregon Liquor *[Control]* **and Cannabis** Commission, and must be delivered by the court or **law enforcement** officer, **at the direction of the court,** to the commission.

(3) The commission is authorized to destroy or *[make such other disposition]* **otherwise dispose** of any property *[it]* **the commission** receives under subsection (2)(b) of this section *[as it considers to be in the public interest. In any such case, all such],* **provided that if the commission elects to sell the** property, including furniture, furnishings, **and** equipment and facilities for the storing, serving or using of marijuana items *[must be confiscated and forfeited to the state, and],* the clear proceeds **of the sale** must be *[deposited with]* **credited to** the State Treasury **and deposited** in the Common School Fund.

SECTION 71. ORS 475B.310 is amended to read:

475B.310. The county courts, district attorneys and municipal authorities, immediately upon the conviction of *[any]* a licensee *[of the Oregon Liquor Control Commission]* of a violation of *[any]* a provision of ORS 475B.010 to 475B.395, or *[the]* of a violation of any other law of this state or ordinance of *[any municipality]* a **city or county located** in this state¹, *[in which violation marijuana had any part,]* **an element of which is the possession, delivery or manufacture of a marijuana item,** shall notify the **Oregon Liquor and Cannabis** Commission of the conviction. *[The county courts, district attorneys and municipal authorities shall notify the commission of any acts, practices or other conduct of a licensee convicted as described in this section that may be subversive of the general welfare or contrary to the spirit of ORS 475B.010 to 475B.395 and shall recommend such action on the part of the commission as will remove the evil.]*

SECTION 72. ORS 475B.325 is amended to read:

475B.325. (1) The governing body of a city or a county, when a petition is filed as provided in this section, shall order an election on the question **as to** whether the operation of *[licensed]* premises **for which a license has been issued under ORS 475B.010 to 475B.395** should be prohibited in the city or county.

(2) Except as otherwise provided in this section, the requirements for preparing, circulating and filing a petition under this section:

(a) In the case of a city, must be as provided for an initiative petition under ORS 250.265 to 250.346.

(b) In the case of a county, must be as provided for an initiative petition under ORS 250.165 to 250.235.

(3) A petition under this section:

(a) Must be filed not less than 60 days before the day of the election; and

(b) Must be signed by not less than 10 percent of the electors registered in the city or county.

(4) If ORS 250.155 makes ORS 250.165 to 250.235 inapplicable to a county or if ORS 250.255 makes ORS 250.265 to 250.346 inapplicable to a city, the requirements for preparing, circulating and filing a petition under this section must be as provided for an initiative petition under the county or city charter or an ordinance adopted under the county or city charter.

(5) A signature is not valid unless signed within 180 days before the petition is filed.

(6) An election under this section must be held at the time of the next statewide general election.

(7) An election under this section must be conducted under ORS chapters 246 to 260.

SECTION 73. ORS 475B.340, as amended by section 4, chapter 23, Oregon Laws 2016, and section 66, chapter 24, Oregon Laws 2016, is amended to read:

475B.340. (1) For purposes of this section, “reasonable regulations” includes:

(a) Reasonable conditions on the manner in which a marijuana producer [*licensed*] **that holds a license issued** under ORS 475B.070 may produce marijuana or in which a [*person who*] **researcher of cannabis that** holds a certificate issued under ORS 475B.235 may produce marijuana or propagate immature marijuana plants;

(b) Reasonable conditions on the manner in which a marijuana processor [*licensed*] **that holds a license issued** under ORS 475B.090 may process marijuana or in which a [*person who*] **researcher of cannabis that** holds a certificate issued under ORS 475B.235 may process marijuana;

(c) Reasonable conditions on the manner in which a marijuana wholesaler [*licensed*] **that holds a license issued** under ORS 475B.100 may sell marijuana at wholesale;

(d) Reasonable conditions on the manner in which a marijuana retailer [*licensed*] **that holds a license issued** under ORS 475B.110 may sell marijuana items;

(e) Reasonable limitations on the hours during which a premises for which a license has been issued under ORS [*475B.070, 475B.090, 475B.100 or 475B.110*] **475B.010 to 475B.395** may operate;

(f) Reasonable requirements related to the public’s access to a premises for which a license or certificate has been issued under ORS [*475B.070, 475B.090, 475B.100, 475B.110 or 475B.235*] **475B.010 to 475B.395**; and

(g) Reasonable limitations on where a premises for which a license or certificate may be issued under ORS [*475B.070, 475B.090, 475B.100, 475B.110 or 475B.235*] **475B.010 to 475B.395** may be located.

(2) Notwithstanding ORS 30.935, 215.253 (1) or 633.738, the governing body of a city or county may adopt ordinances that impose reasonable regulations on the operation of businesses located at premises for which a license **or certificate** has been issued under ORS [*475B.070, 475B.090, 475B.100 or 475B.110, or for which a certificate has been issued under ORS 475B.235,*] **475B.010 to 475B.395** if the premises are located in the area subject to the jurisdiction of the city or county, except that the governing body of a city or county may not:

(a) Adopt an ordinance that prohibits a premises for which a license has been issued under ORS 475B.110 from being located within a distance that is greater than 1,000 feet of another premises for which a license has been issued under ORS 475B.110.

(b) Adopt an ordinance [*after January 1, 2015,*] that imposes a setback requirement for an agricultural building used to produce marijuana located on a premises for which a license has been issued under ORS 475B.070 if the agricultural building:

(A) Was constructed on or before July 1, 2015, in compliance with all applicable land use and building code requirements at the time of construction;

1 (B) Is located at an address where a marijuana grow site first registered with the Oregon Health
 2 Authority under ORS 475B.420 on or before January 1, 2015;

3 (C) Was used to produce marijuana pursuant to the provisions of ORS 475B.400 to 475B.525 on
 4 or before January 1, 2015; and

5 (D) Has four opaque walls and a roof.

6 **SECTION 74.** ORS 475B.345, as amended by section 3, chapter 91, Oregon Laws 2016, is
 7 amended to read:

8 475B.345. (1) As used in this section, “designated primary caregiver” and “registry identification
 9 cardholder” have the meanings given those terms in ORS 475B.410.

10 (2)(a) Except as expressly authorized by this section, the authority to impose a tax or fee on the
 11 production, processing or sale of marijuana items in this state is vested solely in the Legislative
 12 Assembly.

13 (b) Except as expressly authorized by this section, a county, city or other municipal corporation
 14 or district may not adopt or enact ordinances imposing a tax or fee on the production, processing
 15 or sale of marijuana items in this state.

16 (3) Subject to subsection (5) of this section, the governing body of a city or county may adopt
 17 an ordinance to be referred to the electors of the city or county as described in subsection (4) of
 18 this section that imposes a tax or a fee on the sale of marijuana items that are sold in the area
 19 subject to the jurisdiction of the city or the unincorporated area subject to the jurisdiction of a
 20 county by a [person] **marijuana retailer** that holds a license **issued** under ORS 475B.110.

21 (4) If the governing body of a city or county adopts an ordinance under this section, the gov-
 22 erning body shall refer the measure of the ordinance to the electors of the city or county for ap-
 23 proval at the next statewide general election.

24 (5) An ordinance adopted under this section may not impose a tax or fee:

25 (a) In excess of three percent; or

26 (b) On a registry identification cardholder or on a designated primary caregiver who is pur-
 27 chasing a marijuana item for a registry identification cardholder.

28 **SECTION 75.** ORS 475B.350 is amended to read:

29 475B.350. The Oregon Health Authority shall assist and cooperate with the Oregon Liquor
 30 [Control] **and Cannabis** Commission and the State Department of Agriculture to the extent neces-
 31 sary for the commission and the department to carry out the duties of the commission and the de-
 32 partment under ORS 475B.010 to 475B.395.

33 **SECTION 76.** ORS 475B.353 is amended to read:

34 475B.353. The State Department of Agriculture shall assist and cooperate with the Oregon Li-
 35 quor [Control] **and Cannabis** Commission and the Oregon Health Authority to the extent necessary
 36 for the commission and the authority to carry out the duties of the commission and the authority
 37 under ORS 475B.010 to 475B.395.

38 **SECTION 77.** ORS 475B.355 is amended to read:

39 475B.355. (1) The Oregon Liquor [Control] **and Cannabis** Commission, the State Department of
 40 Agriculture and the Oregon Health Authority may not refuse to perform any duty under ORS
 41 475B.010 to 475B.395 on the basis that manufacturing, distributing, dispensing, possessing or using
 42 marijuana is prohibited by federal law.

43 (2) The commission may not revoke or refuse to issue or renew a license, **certificate or permit**
 44 under ORS 475B.010 to 475B.395 on the basis that manufacturing, distributing, dispensing, possessing
 45 or using marijuana is prohibited by federal law.

SECTION 78. ORS 475B.358 is amended to read:

475B.358. A person may not sue the Oregon Liquor *[Control]* **and Cannabis** Commission or a member of the commission, the State Department of Agriculture or the Oregon Health Authority, or any employee of the commission, department or authority, for performing or omitting to perform any duty, function or power of the commission, department or authority set forth in ORS 475B.010 to 475B.395 or in any other law of this state requiring the commission, department or authority to perform a duty, function or power related to marijuana **items**.

SECTION 79. ORS 475B.365 is amended to read:

475B.365. In case of invasion, disaster, insurrection or riot, or imminent danger of invasion, disaster, insurrection or riot, the Governor may, for the duration of the invasion, disaster, insurrection or riot, or imminent danger, immediately **and without notice** suspend *[without notice any license]* in the area involved *[granted]* **any license, certificate or permit issued** under ORS 475B.010 to 475B.395.

SECTION 80. ORS 475B.370, as amended by section 3, chapter 23, Oregon Laws 2016, is amended to read:

475B.370. (1) Marijuana is:

- (a) A crop for the purposes of “farm use” as defined in ORS 215.203;
- (b) A crop for purposes of a “farm” and “farming practice,” both as defined in ORS 30.930;
- (c) A product of farm use as described in ORS 308A.062; and
- (d) The product of an agricultural activity for purposes of ORS 568.909.

(2) Notwithstanding ORS chapters 195, 196, 197, 215 and 227, the following are not permitted uses on land designated for exclusive farm use:

- (a) A new dwelling used in conjunction with a marijuana crop;
- (b) A farm stand, as described in ORS 215.213 (1)(r) or 215.283 (1)(o), used in conjunction with a marijuana crop; and
- (c) A commercial activity, as described in ORS 215.213 (2)(c) or 215.283 (2)(a), carried on in conjunction with a marijuana crop.

(3) A county may allow the production of marijuana as a farm use on land zoned for farm or forest use in the same manner as the production of marijuana is allowed in exclusive farm use zones under this section and ORS 215.213, 215.283 and 475B.063.

(4) This section applies to:

- (a) Marijuana producers *[licensed]* **that hold a license issued** under ORS 475B.070;
- (b) Persons registered under ORS 475B.420 and designated to produce marijuana by one or more persons who hold valid registry identification cards issued under ORS 475B.415; and
- (c) For the purpose of producing marijuana or propagating immature marijuana plants, *[persons who hold certificates]* **researchers of cannabis that hold a certificate issued** under ORS 475B.235.

SECTION 81. ORS 475B.399 is amended to read:

475B.399. (1) As used in this section, “marijuana” and “marijuana item” have the meanings given those terms in ORS 475B.015.

(2) On or before February 1 of each odd-numbered year, the Oregon Liquor *[Control]* **and Cannabis** Commission shall report to the Legislative Assembly in the manner required by ORS 192.245, the approximate amount of marijuana produced by *[persons who hold a license]* **marijuana producers that hold a license issued** under ORS 475B.070 and the approximate amount of marijuana items sold by *[persons who hold a license]* **marijuana retailers that hold a license issued** under ORS 475B.110, and whether the supply of marijuana in this state is commensurate with

1 the demand for marijuana items in this state.

2 **SECTION 82.** Section 9, chapter 23, Oregon Laws 2016, is amended to read:

3 **Sec. 9.** For the purpose of requesting a state or nationwide criminal records check under ORS
4 181A.195, the Oregon Liquor [*Control*] **and Cannabis** Commission may require the fingerprints of
5 any individual listed on an application submitted under ORS 475B.218.

6 **SECTION 83.** Section 10, chapter 23, Oregon Laws 2016, is amended to read:

7 **Sec. 10.** For the purpose of requesting a state or nationwide criminal records check under ORS
8 181A.195, the Oregon Liquor [*Control*] **and Cannabis** Commission may require the fingerprints of
9 any individual listed on an application submitted under ORS 475B.235. The powers conferred on the
10 commission under this section include the power to require the fingerprints of:

- 11 (1) If the applicant is a limited partnership, each partner of the limited partnership;
- 12 (2) If the applicant is a limited liability company, each member of the limited liability company;
- 13 (3) If the applicant is a corporation, each director and officer of the corporation;
- 14 (4) Any individual who holds a financial interest of 10 percent or more in the person applying
15 for the certificate; and
- 16 (5) Any individual who is a partner, member, director or officer of a legal entity with a financial
17 interest in the person applying for the certificate.

18 **SECTION 84.** Section 15, chapter 24, Oregon Laws 2016, is amended to read:

19 **Sec. 15.** Except for the power to adopt rules, the Oregon Liquor [*Control*] **and Cannabis** Com-
20 mission may delegate to the administrator appointed under ORS 471.720 any of the commission's
21 functions, duties and powers as prescribed by ORS 475B.010 to 475B.395, 475B.400 to 475B.525,
22 475B.550 to 475B.590, 475B.600 to 475B.655 and 475B.800 or any other law of the state related to the
23 regulation of marijuana items.

24 **SECTION 85.** Section 22, chapter 24, Oregon Laws 2016, is amended to read:

25 **Sec. 22.** (1) Subject to subsection (2) of this section, information is exempt from public disclosure
26 under ORS 192.410 to 192.505 if the information is:

- 27 (a) The address of a premises for which a license has been issued or for which an applicant has
28 proposed [*to be licensed*] **licensure** under ORS 475B.070, 475B.090 or 485B.100;
- 29 (b) Is related to the security plan or the operational plan for a premises for which a license has
30 been issued or for which an applicant has proposed [*to be licensed*] **licensure** under ORS [*475B.070,*
31 *475B.090, 485B.100 or 475B.110*] **475B.010 to 475B.395**; or
- 32 (c) Is related to any record that the Oregon Liquor [*Control*] **and Cannabis** Commission deter-
33 mines contains proprietary information of a [*person who holds a license under ORS 475B.070,*
34 *475B.090, 485B.100 or 475B.110*] **licensee**.

35 (2) The exemption from public disclosure as provided by this section does not apply to a request
36 for information if the request is made by a law enforcement agency.

37 **SECTION 86.** Section 2, chapter 83, Oregon Laws 2016, is amended to read:

38 **Sec 2.** (1) As used in this section, “designated primary caregiver,” “marijuana processing site,”
39 “medical marijuana dispensary” and “registry identification cardholder” have the meanings given
40 those terms in ORS 475B.410.

41 (2) To produce marijuana for medical purposes, a marijuana producer that holds a license **issued**
42 under ORS 475B.070 must register with the Oregon Liquor [*Control*] **and Cannabis** Commission un-
43 der this section.

44 (3) The commission shall register a marijuana producer for the purpose of producing marijuana
45 for medical purposes if the marijuana producer:

- 1 (a) Holds a license **issued** under ORS 475B.070;
- 2 (b) Meets any qualifications adopted by the commission by rule;
- 3 (c) Applies to the commission in a form and manner prescribed by the commission; and
- 4 (d) Pays any fee adopted by the commission by rule.

5 (4)(a) A marijuana producer registered under this section may produce marijuana for a registry
 6 identification cardholder, and provide usable marijuana to the registry identification cardholder or
 7 to the designated primary caregiver of the registry identification cardholder, if the marijuana pro-
 8 ducer enters into an agreement with the registry identification cardholder for whom the marijuana
 9 producer is producing the marijuana. An agreement entered into under this subsection:

10 (A) Must be submitted to the commission in a manner prescribed by the commission;

11 (B) Except as provided in subparagraph (C) of this paragraph, may not allow the marijuana
 12 producer to be compensated for producing the marijuana or providing the usable marijuana;

13 (C) May require a registry identification cardholder, or a designated primary caregiver on behalf
 14 of a registry identification cardholder, to reimburse a marijuana producer for all costs associated
 15 with producing marijuana for the registry identification cardholder or providing usable marijuana
 16 to the registry identification cardholder or designated primary caregiver;

17 (D) May not allow the marijuana producer to produce for the registry identification cardholder
 18 an amount of mature marijuana plants that exceeds the amount that a registry identification
 19 cardholder and a designated primary caregiver may jointly possess under ORS 475B.428;

20 (E) May not allow the marijuana producer to provide to the registry identification cardholder
 21 an amount of usable marijuana that exceeds the amount that a registry identification cardholder and
 22 a designated primary caregiver may jointly possess under ORS 475B.430; and

23 (F) May allow the marijuana producer to keep a portion of the usable marijuana harvested from
 24 the marijuana produced for the registry identification cardholder for the purposes of:

25 (i) Providing usable marijuana to additional registry identification cardholders or designated
 26 primary caregivers; and

27 (ii) Transferring or selling usable marijuana to marijuana processing sites or medical marijuana
 28 dispensaries.

29 (c) Marijuana produced for a registry identification cardholder, and usable marijuana trans-
 30 ferred or sold to a marijuana processing site or medical marijuana dispensary, pursuant to an
 31 agreement entered into under this subsection must be tracked by the system developed and main-
 32 tained under ORS 475B.150.

33 (d)(A) Upon request by the commission, the Oregon Health Authority shall provide the commis-
 34 sion, notwithstanding any laws relating to the confidentiality of information under ORS 475B.460 and
 35 475B.462, with the registration information of:

36 (i) A registry identification cardholder who enters into an agreement under this subsection; or

37 (ii) A registry identification cardholder, designated primary caregiver, marijuana processing site
 38 or medical marijuana dispensary that receives usable marijuana pursuant to an agreement entered
 39 into under this subsection.

40 (B) Registration information received by the commission under this paragraph that is confiden-
 41 tial and not subject to public disclosure under ORS 475B.460 and 475B.462 remains confidential and
 42 not subject to public disclosure after being provided to the commission.

43 (e) Marijuana produced pursuant to an agreement entered into under this subsection is not
 44 subject to rules restricting the size of mature marijuana plant grow canopies adopted by the com-
 45 mission under ORS 475B.075.

1 (5)(a) The commission shall adopt rules necessary to administer this section, including rules:

2 (A) For the equitable conversion of a number of mature marijuana plants to a size of mature
3 marijuana plant grow canopy;

4 (B) Limiting the amount of marijuana that may be produced under section (4) of this section;

5 (C) Limiting the amount of usable marijuana that may be provided, transferred or sold under
6 subsection (4)(a)(F) of this section;

7 (D) Limiting the number of registry identification cardholders for whom a marijuana producer
8 registered under this section may produce marijuana; and

9 (E) Prohibiting a registry identification cardholder from entering into more than one agreement
10 with a marijuana producer registered under this section.

11 (b) The rules must provide that any fee adopted by the commission under subsection (3)(d) of this
12 section be in an amount reasonably calculated to not exceed, together with other fees collected
13 under ORS 475B.010 to 475B.395, the cost of administering ORS 475B.010 to 475B.395.

14 **SECTION 87.** Section 3, chapter 83, Oregon Laws 2016, is amended to read:

15 **Sec. 3.** (1) To process marijuana for medical purposes, a marijuana processor that holds a li-
16 cense under ORS 475B.090 must register with the Oregon Liquor [*Control*] **and Cannabis** Commis-
17 sion under this section.

18 (2) The commission shall register a marijuana processor for the purpose of processing marijuana
19 for medical purposes if the marijuana processor:

20 (a) Holds a license under ORS 475B.090;

21 (b) Meets any qualifications adopted by the commission by rule;

22 (c) Applies to the commission in a form and manner prescribed by the commission; and

23 (d) Pays any fee adopted by the commission by rule.

24 (3) A marijuana processor registered under this section may process marijuana and usable
25 marijuana into medical grade cannabinoid products, cannabinoid concentrates and cannabinoid ex-
26 tracts.

27 (4) The commission shall adopt rules necessary to administer this section. The rules must pro-
28 vide that any fee adopted by the commission under subsection (2)(d) of this section be in an amount
29 reasonably calculated to not exceed, together with other fees collected under ORS 475B.010 to
30 475B.395, the cost of administering ORS 475B.010 to 475B.395.

31 **SECTION 88.** Section 4, chapter 83, Oregon Laws 2016, is amended to read:

32 **Sec. 4.** (1) To sell marijuana **items** at wholesale for medical purposes, a marijuana wholesaler
33 that holds a license under ORS 475B.100 must register with the Oregon Liquor [*Control*] **and**
34 **Cannabis** Commission under this section.

35 (2) The commission shall register a marijuana wholesaler for the purpose of selling marijuana
36 **items** at wholesale for medical purposes if the marijuana wholesaler:

37 (a) Holds a license under ORS 475B.100;

38 (b) Meets any qualifications adopted by the commission by rule;

39 (c) Applies to the commission in a form and manner prescribed by the commission; and

40 (d) Pays any fee adopted by the commission by rule.

41 (3) A marijuana wholesaler registered under this section may sell medical grade cannabinoid
42 products, cannabinoid concentrates and cannabinoid extracts at wholesale.

43 (4) The commission shall adopt rules necessary to administer this section. The rules must pro-
44 vide that any fee adopted by the commission under subsection (2)(d) of this section be in an amount
45 reasonably calculated to not exceed, together with other fees collected under ORS 475B.010 to

1 475B.395, the cost of administering ORS 475B.010 to 475B.395.

2 **SECTION 89.** Section 5, chapter 83, Oregon Laws 2016, is amended to read:

3 **Sec. 5.** (1) As used in this section, “designated primary caregiver” and “registry identification
4 cardholder” have the meanings given those terms in ORS 475B.410.

5 (2) To sell marijuana **items** at retail for medical purposes, a marijuana retailer that holds a li-
6 cense under ORS 475B.110 must register with the Oregon Liquor [*Control*] **and Cannabis** Commis-
7 sion under this section.

8 (3) The commission shall register a marijuana retailer for the purpose of selling marijuana **items**
9 at retail for medical purposes if the marijuana retailer:

10 (a) Holds a license under ORS 475B.110;

11 (b) Meets any qualifications adopted by the commission by rule;

12 (c) Applies to the commission in a form and manner prescribed by the commission; and

13 (d) Pays any fee adopted by the commission by rule.

14 (4) A marijuana retailer registered under this section:

15 (a) May sell medical grade cannabinoid products, cannabinoid concentrates and cannabinoid
16 extracts to registry identification cardholders and designated primary caregivers;

17 (b) May not sell medical grade cannabinoid products, cannabinoid concentrates and cannabinoid
18 extracts to individuals other than registry identification cardholders and designated primary
19 caregivers;

20 (c) May sell usable marijuana and medical grade cannabinoid products, cannabinoid concen-
21 trates and cannabinoid extracts to registry identification cardholders and designated primary
22 caregivers at a discounted price; and

23 (d) May provide usable marijuana and medical grade cannabinoid products, cannabinoid con-
24 centrates and cannabinoid extracts to registry identification cardholders and designated primary
25 caregivers free of charge.

26 (5) The commission shall adopt rules necessary to administer this section. The rules must pro-
27 vide that any fee adopted by the commission under subsection (3)(d) of this section be in an amount
28 reasonably calculated to not exceed, together with other fees collected under ORS 475B.010 to
29 475B.395, the cost of administering ORS 475B.010 to 475B.395.

30 **SECTION 90.** Section 29b, chapter 83, Oregon Laws 2016, is amended to read:

31 **Sec. 29b.** (1) Notwithstanding ORS 475B.110 (2)(d), a city or county may [*adopt an ordinance*
32 *allowing*] **allow** a premises for which a license has been issued under ORS 475B.110 to be located
33 within [500] **1,000** feet of a public elementary or secondary school for which attendance is compul-
34 sory under ORS 339.020, or a private or parochial elementary or secondary school teaching children
35 as described in ORS 339.030 (1)(a), if the county or city determines that a physical or geographic
36 barrier capable of preventing children from traversing to the [*school*] **premises** separates the
37 premises from the school.

38 (2) A city or county that [*adopts an ordinance*] **makes an allowance** under this section must
39 inform the Oregon Liquor [*Control*] **and Cannabis** Commission, in a form and manner prescribed by
40 the commission, of the [*content and effective date of the ordinance*] **allowance**.

41
42 (Amendments)

43 (Operative June 30, 2018)

44
45 **SECTION 91.** ORS 475B.160, as amended by section 23, chapter 23, Oregon Laws 2016, section

1 65, chapter 24, Oregon Laws 2016, section 12, chapter 83, Oregon Laws 2016, and section 50 of this
 2 2017 Act, is amended to read:

3 475B.160. (1) *[Except as provided in section 22, chapter 23, Oregon Laws 2016, and section 2,*
 4 *chapter 83, Oregon Laws 2016,]* A marijuana producer that holds a license issued under ORS
 5 475B.070, marijuana processor that holds a license issued under ORS 475B.090 or marijuana whole-
 6 saler that holds a license issued under ORS 475B.100 may deliver marijuana items only to or on a
 7 premises for which a license has been issued under ORS 475B.070, 475B.090, 475B.100 or 475B.110.

8 (2) A licensee to whom marijuana items may be delivered under subsection (1) of this section
 9 may receive marijuana items only from:

10 (a) A marijuana producer that holds a license issued under ORS 475B.070, marijuana processor
 11 that holds a license issued under ORS 475B.090 or marijuana wholesaler that holds a license issued
 12 under ORS 475B.100; **or**

13 (b) A researcher of cannabis that holds a certificate issued under ORS 475B.235 and that
 14 transfers limited amounts of marijuana, usable marijuana, cannabinoid products, cannabinoid con-
 15 centrates and cannabinoid extracts in accordance with procedures adopted under ORS 475B.235
 16 (3)(d) and (e); *or*].

17 *[(c) A marijuana grow site registered under ORS 475B.420, marijuana processing site registered*
 18 *under ORS 475B.435, or a medical marijuana dispensary registered under ORS 475B.450, acting in*
 19 *accordance with procedures adopted by the commission under section 25, chapter 24, Oregon Laws*
 20 *2016.]*

21 (3) The sale of marijuana items by a marijuana retailer that holds a license issued under ORS
 22 475B.110 must be restricted to the premises for which the license has been issued, but deliveries
 23 may be made by a marijuana retailer to consumers pursuant to a bona fide order received at the
 24 premises prior to delivery.

25 **SECTION 92.** ORS 475B.235, as amended by section 24, chapter 23, Oregon Laws 2016, section
 26 12, chapter 24, Oregon Laws 2016, and section 63 of this 2017 Act, is amended to read:

27 475B.235. (1) The Oregon Liquor and Cannabis Commission, in consultation with the Oregon
 28 Health Authority and the State Department of Agriculture, shall establish a program for the purpose
 29 of identifying and certifying private and public researchers of cannabis.

30 (2)(a) The authority shall assist the commission in identifying candidates for certification under
 31 this section with respect to potential medical research.

32 (b) The department shall assist the commission in identifying candidates for certification under
 33 this section with respect to potential agricultural research.

34 (3) Subject to subsection (4) of this section, the commission shall adopt by rule or order:

35 (a) Qualifications for certification under this section;

36 (b) The term of a certificate issued under this section;

37 (c) Processes for applying for, receiving and renewing a certificate under this section;

38 (d) Procedures for tracking marijuana, usable marijuana, cannabinoid products, cannabinoid
 39 concentrates and cannabinoid extracts received by and disposed or otherwise made use of by a
 40 person that holds a certificate issued under this section; and

41 (e) Procedures for disposing or otherwise making use of marijuana, usable marijuana,
 42 cannabinoid products, cannabinoid concentrates and cannabinoid extracts.

43 (4) In establishing qualifications under subsection (3) of this section, the commission shall con-
 44 sider the following:

45 (a) A research applicant's access to funding and the overall cost of the proposed research;

1 (b) The overall benefit of an applicant’s proposed research to this state’s cannabis industry or
 2 to public health and safety; and

3 (c) Legal barriers to conducting the proposed research or legal risks associated with conducting
 4 the proposed research.

5 (5) In adopting procedures under subsection (3)(d) and (e) of this section with respect to making
 6 use of marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and
 7 cannabinoid extracts, the commission shall also adopt procedures by which a person that holds a
 8 certificate issued under this section may transfer limited amounts of marijuana, usable marijuana,
 9 cannabinoid products, cannabinoid concentrates and cannabinoid extracts to another person that
 10 holds a certificate issued under this section or to a premises for which a license has been issued
 11 under ORS 475B.070, 475B.090, 475B.100 or 475B.110.

12 *[(6) In adopting procedures under subsection (3)(d) and (e) of this section with respect to making*
 13 *use of marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid*
 14 *extracts, the commission shall also adopt procedures by which a person certified under this section may*
 15 *give, devise or bequest usable marijuana, immature marijuana plants, marijuana seeds, cannabinoid*
 16 *products, cannabinoid concentrates and cannabinoid extracts to a medical marijuana dispensary regis-*
 17 *tered with the authority under ORS 475B.450 and owned by a nonprofit corporation organized under*
 18 *ORS chapter 65 for purposes described in section 22, chapter 23, Oregon Laws 2016.]*

19 [(7)] (6) A person that holds a certificate issued under this section:

20 (a) May receive marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates
 21 and cannabinoid extracts from a licensee or a registrant under ORS 475B.400 to 475B.525; and

22 (b) May not sell or otherwise transfer marijuana, usable marijuana, cannabinoid products,
 23 cannabinoid concentrates or cannabinoid extracts to any other person, except as provided in this
 24 section and rules adopted by the commission under this section.

25 [(8)] (7) Except as otherwise provided by the commission by rule, rules adopted by the commis-
 26 sion for the purpose of administering and enforcing ORS 475B.010 to 475B.395 with respect to
 27 licensees and licensee representatives apply to persons that hold a certificate issued under this
 28 section and persons employed by or who otherwise perform work for persons that hold a certificate
 29 issued under this section.

30 [(9)] (8) A person that holds a certificate issued under this section, and an employee of or other
 31 person who performs work for a person that holds a certificate issued under this section, is exempt
 32 from the criminal laws of this state for possession, delivery or manufacture of marijuana, aiding and
 33 abetting another in the possession, delivery and manufacture of marijuana, or any other criminal
 34 offense in which possession, delivery or manufacture of marijuana is an element, while performing
 35 activities related to conducting research as described in this section.

36 **SECTION 93.** ORS 475B.245, as amended by section 27, chapter 23, Oregon Laws 2016, section
 37 36, chapter 24, Oregon Laws 2016, and section 13, chapter 83, Oregon Laws 2016, is amended to
 38 read:

39 475B.245. ORS 475B.025, 475B.030, 475B.033, 475B.035, 475B.040, 475B.045, 475B.050, 475B.055,
 40 475B.060, 475B.063, 475B.065, 475B.068, 475B.070, 475B.075, 475B.090, 475B.100, 475B.110, 475B.115,
 41 475B.125, 475B.130, 475B.135, 475B.140, 475B.145, 475B.150, 475B.160, 475B.165, 475B.170, 475B.180,
 42 475B.190, 475B.195, 475B.200, 475B.205, 475B.210, 475B.215, 475B.218, 475B.230, 475B.233, 475B.235,
 43 475B.240, 475B.325, 475B.330, 475B.335, 475B.340, 475B.345, 475B.350, 475B.353, 475B.355, 475B.358,
 44 475B.360, 475B.365, 475B.370 and 475B.373 and sections 2, 3, 4 and 5, chapter 83, Oregon Laws 2016,
 45 do not apply:

1 (1) To the production or storage of homegrown marijuana at a household by one or more persons
2 21 years of age and older, if the total amount of homegrown marijuana at the household does not
3 exceed four marijuana plants at any time.

4 (2) To the possession or storage of usable marijuana items at a household by one or more per-
5 sons 21 years of age or older, if the total amount of usable marijuana at the household does not
6 exceed eight ounces of usable marijuana at any time.

7 (3) To the making, processing, possession or storage of cannabinoid products at a household by
8 one or more persons 21 years of age and older, if the total amount of cannabinoid products at the
9 household does not exceed 16 ounces in solid form at any time.

10 (4) To the making, processing, possession or storage of cannabinoid products at a household by
11 one or more persons 21 years of age and older, if the total amount of cannabinoid products at the
12 household does not exceed 72 ounces in liquid form at any time.

13 (5) To the making, processing, possession or storage of cannabinoid concentrates at a household
14 by one or more persons 21 years of age or older, if the total amount of cannabinoid concentrates
15 at the household does not exceed 16 ounces at any time.

16 (6) To the possession of cannabinoid extracts at a household by one or more persons 21 years
17 of age or older, if the cannabinoid extracts were purchased from a marijuana retailer that holds a
18 license under ORS 475B.110[, or transferred by a medical marijuana dispensary registered by the
19 Oregon Health Authority under ORS 475B.450,] and the total amount of cannabinoid extracts at the
20 household does not exceed one ounce at any time.

21 (7) To the delivery of not more than one ounce of usable marijuana at a time by a person 21
22 years of age or older to another person 21 years of age or older for noncommercial purposes.

23 (8) To the delivery of not more than 16 ounces of cannabinoid products in solid form at a time
24 by a person 21 years of age or older to another person 21 years of age or older for noncommercial
25 purposes.

26 (9) To the delivery of not more than 72 ounces of cannabinoid products in liquid form at a time
27 by a person 21 years of age or older to another person 21 years of age or older for noncommercial
28 purposes.

29 (10) To the delivery of not more than 16 ounces of cannabinoid concentrates at a time by a
30 person 21 years of age or older to another person 21 years of age or older for noncommercial pur-
31 poses.

32 **SECTION 94.** ORS 475B.340, as amended by section 4, chapter 23, Oregon Laws 2016, and sec-
33 tion 66, chapter 24, Oregon Laws 2016, and section 73 of this 2017 Act, is amended to read:

34 475B.340. (1) For purposes of this section, "reasonable regulations" includes:

35 (a) Reasonable conditions on the manner in which a marijuana producer that holds a license
36 issued under ORS 475B.070 may produce marijuana or in which a researcher of cannabis that holds
37 a certificate issued under ORS 475B.235 may produce marijuana or propagate immature marijuana
38 plants;

39 (b) Reasonable conditions on the manner in which a marijuana processor that holds a license
40 issued under ORS 475B.090 may process marijuana or in which a researcher of cannabis that holds
41 a certificate issued under ORS 475B.235 may process marijuana;

42 (c) Reasonable conditions on the manner in which a marijuana wholesaler that holds a license
43 issued under ORS 475B.100 may sell marijuana at wholesale;

44 (d) Reasonable conditions on the manner in which a marijuana retailer that holds a license is-
45 sued under ORS 475B.110 may sell marijuana items;

1 (e) Reasonable limitations on the hours during which a premises for which a license has been
 2 issued under ORS 475B.010 to 475B.395 may operate;

3 (f) Reasonable requirements related to the public's access to a premises for which a license or
 4 certificate has been issued under ORS 475B.010 to 475B.395; *[and]*

5 (g) Reasonable limitations on where a premises for which a license or certificate may be issued
 6 under ORS 475B.010 to 475B.395 may be located; **and**

7 **(h) Whether marijuana may be produced, processed or sold for medical purposes only.**

8 (2) Notwithstanding ORS 30.935, 215.253 (1) or 633.738, the governing body of a city or county
 9 may adopt ordinances that impose reasonable regulations on the operation of businesses located at
 10 premises for which a license or certificate has been issued under ORS 475B.010 to 475B.395 if the
 11 premises are located in the area subject to the jurisdiction of the city or county, except that the
 12 governing body of a city or county may not:

13 (a) Adopt an ordinance that prohibits a premises for which a license has been issued under ORS
 14 475B.110 from being located within a distance that is greater than 1,000 feet of another premises for
 15 which a license has been issued under ORS 475B.110.

16 (b) Adopt an ordinance that imposes a setback requirement for an agricultural building used to
 17 produce marijuana located on a premises for which a license has been issued under ORS 475B.070
 18 if the agricultural building:

19 (A) Was constructed on or before July 1, 2015, in compliance with all applicable land use and
 20 building code requirements at the time of construction;

21 *[(B) Is located at an address where a marijuana grow site first registered with the Oregon Health
 22 Authority under ORS 475B.420 on or before January 1, 2015;]*

23 *[(C)]* (B) Was used to produce marijuana pursuant to the provisions of ORS 475B.400 to 475B.525
 24 on or before January 1, 2015; and

25 *[(D)]* (C) Has four opaque walls and a roof.

26 **SECTION 95.** ORS 475B.370, as amended by section 3, chapter 23, Oregon Laws 2016, and sec-
 27 tion 80 of this 2017 Act, is amended to read:

28 475B.370. (1) Marijuana is:

29 (a) A crop for the purposes of "farm use" as defined in ORS 215.203;

30 (b) A crop for purposes of a "farm" and "farming practice," both as defined in ORS 30.930;

31 (c) A product of farm use as described in ORS 308A.062; and

32 (d) The product of an agricultural activity for purposes of ORS 568.909.

33 (2) Notwithstanding ORS chapters 195, 196, 197, 215 and 227, the following are not permitted
 34 uses on land designated for exclusive farm use:

35 (a) A new dwelling used in conjunction with a marijuana crop;

36 (b) A farm stand, as described in ORS 215.213 (1)(r) or 215.283 (1)(o), used in conjunction with
 37 a marijuana crop; and

38 (c) A commercial activity, as described in ORS 215.213 (2)(c) or 215.283 (2)(a), carried on in
 39 conjunction with a marijuana crop.

40 (3) A county may allow the production of marijuana as a farm use on land zoned for farm or
 41 forest use in the same manner as the production of marijuana is allowed in exclusive farm use zones
 42 under this section and ORS 215.213, 215.283 and 475B.063.

43 (4) This section applies to:

44 (a) Marijuana producers that hold a license issued under ORS 475B.070; **and**

45 *[(b) Persons registered under ORS 475B.420 and designated to produce marijuana by one or more*

1 persons who hold valid registry identification cards issued under ORS 475B.415; and]

2 [(c)] (b) For the purpose of producing marijuana or propagating immature marijuana plants, re-
3 searchers of cannabis that hold a certificate issued under ORS 475B.235.

4 **SECTION 96.** ORS 475B.375, as amended by section 6, chapter 23, Oregon Laws 2016, and sec-
5 tion 14, chapter 83, Oregon Laws 2016, is amended to read:

6 475B.375. [Except for ORS 475B.370 and 475B.373,] ORS 475B.010 to 475B.395:

7 (1) Do not apply to the extent a person acts within the scope of and in compliance with the
8 Oregon Medical Marijuana Act; and

9 (2) Do not amend or affect duties, functions and powers of the [Oregon Health Authority] **Med-**
10 **ical Use of Cannabis Board** under the Oregon Medical Marijuana Act.

11
12 (Repeals)
13 (Operative June 30, 2018)
14

15 **SECTION 97.** Section 2, chapter 23, Oregon Laws 2016, is repealed.

16
17 **TESTING, PACKAGING, LABELING AND**
18 **OTHER LAWS REGULATING CANNABIS**

19
20 (Amendments)
21 (Effective 91st Day After Adjournment Sine Die)
22

23 **SECTION 98.** ORS 475B.555 is amended to read:

24 475B.555. (1) As is necessary to protect the public health and safety, and in consultation with
25 the Oregon Liquor [Control] and Cannabis Commission and the State Department of Agriculture,
26 the Oregon Health Authority shall adopt rules:

27 (a) Establishing standards for testing marijuana items.

28 (b) Identifying appropriate tests for marijuana items, depending on the type of marijuana item
29 and the manner in which the marijuana item was produced or processed, that are necessary to
30 protect the public health and safety, including, but not limited to, tests for:

31 (A) Microbiological contaminants;

32 (B) Pesticides;

33 (C) Other contaminants;

34 (D) Solvents or residual solvents; and

35 (E) Tetrahydrocannabinol and cannabidiol concentration.

36 (c) Establishing procedures for determining batch sizes and for sampling usable marijuana,
37 cannabinoid products and cannabinoid concentrates or extracts.

38 (d) Establishing different minimum standards for different varieties of usable marijuana and dif-
39 ferent types of cannabinoid products and cannabinoid concentrates and extracts.

40 (2) In addition to the testing requirements established under subsection (1) of this section, the
41 authority or the commission may require cannabinoid edibles to be tested in accordance with any
42 applicable law of this state, or any applicable rule adopted under a law of this state, related to the
43 production and processing of food products or commodities.

44 (3) In adopting rules under ORS 475B.400 to 475B.525, the authority may require:

45 (a) A person responsible for a marijuana grow site under ORS 475B.420 to test usable marijuana

1 before transferring the usable marijuana to a registrant other than an individual who holds a reg-
 2 istry identification card under ORS 475B.415; and

3 (b) A person processing marijuana to test cannabinoid products or cannabinoid concentrates or
 4 extracts before transferring the cannabinoid products or cannabinoid concentrates or extracts to a
 5 registrant other than an individual who holds a registry identification card under ORS 475B.415.

6 (4) In adopting rules under ORS 475B.010 to 475B.395, the commission may require:

7 (a) A marijuana producer that holds a license under ORS 475B.070 or a marijuana wholesaler
 8 that holds a license under ORS 475B.100 to test usable marijuana before selling or transferring the
 9 usable marijuana; and

10 (b) A marijuana processor that holds a license under ORS 475B.090 or a marijuana wholesaler
 11 that holds a license under ORS 475B.100 to test cannabinoid products or cannabinoid concentrates
 12 or extracts before selling or transferring the cannabinoid products or cannabinoid concentrates or
 13 extracts.

14 (5) The authority and the commission may conduct random testing of marijuana items for the
 15 purpose of determining whether a person subject to testing under subsection (3) of this section or
 16 a licensee subject to testing under subsection (4) of this section is in compliance with this section.

17 (6) In adopting rules to implement this section, the authority and commission may not require
 18 a marijuana item to undergo the same test more than once unless the marijuana item is processed
 19 into a different type of marijuana item or the condition of the marijuana item has fundamentally
 20 changed.

21 (7) The testing of marijuana items as required by this section must be conducted by a laboratory
 22 licensed by the commission under ORS 475B.560 and accredited by the authority under ORS
 23 475B.565.

24 (8) In adopting rules under subsection (1) of this section, the authority:

25 (a) Shall consider the cost of a potential testing procedure and how that cost will affect the cost
 26 to the ultimate consumer of the marijuana item; and

27 (b) May not adopt rules that are more restrictive than is reasonably necessary to protect the
 28 public health and safety.

29 **SECTION 99.** ORS 475B.560 is amended to read:

30 475B.560. (1) A laboratory that conducts testing of marijuana items as required by ORS 475B.555
 31 must have a license to operate at the premises at which the marijuana items are tested.

32 (2) For purposes of this section, the Oregon Liquor [*Control*] **and Cannabis** Commission shall
 33 adopt rules establishing:

34 (a) Qualifications to be licensed under this section, including that an applicant for licensure
 35 under this section must be accredited by the Oregon Health Authority as described in ORS 475B.565;

36 (b) Processes for applying for and renewing a license under this section;

37 (c) Fees for applying for, receiving and renewing a license under this section; and

38 (d) Procedures for:

39 (A) Tracking usable marijuana, cannabinoid products and cannabinoid concentrates or extracts
 40 to be tested;

41 (B) Documenting and reporting test results; and

42 (C) Disposing of samples of usable marijuana, cannabinoid products and cannabinoid concen-
 43 trates or extracts that have been tested.

44 (3) A license issued under this section must be renewed annually.

45 (4) The commission may inspect premises licensed under this section to ensure compliance with

1 ORS 475B.550 to 475B.590 and rules adopted under ORS 475B.550 to 475B.590.

2 (5) Subject to the applicable provisions of ORS chapter 183, the commission may refuse to issue
3 or renew, or may suspend or revoke, a license issued under this section for violation of:

4 (a) A provision of ORS 475B.550 to 475B.590 or a rule adopted under a provision of ORS
5 475B.550 to 475B.590; or

6 (b) A provision of ORS 475B.010 to 475B.395 or a rule adopted under a provision of ORS
7 475B.010 to 475B.395.

8 (6) Fees adopted under subsection (2)(c) of this section must be reasonably calculated to pay the
9 expenses incurred by the commission under ORS 475B.550 to 475B.590.

10 (7) Fee moneys collected under this section shall be deposited in the Marijuana Control and
11 Regulation Fund established under ORS 475B.240 and are continuously appropriated to the commis-
12 sion for the purpose of carrying out the duties, functions and powers of the commission under ORS
13 475B.550 to 475B.590.

14 **SECTION 100.** ORS 475B.575 is amended to read:

15 475B.575. Subject to the applicable provisions of ORS chapter 183, if an applicant or licensee
16 violates a provision of ORS 475B.550 to 475B.590 or a rule adopted under a provision of ORS
17 475B.550 to 475B.590, the Oregon Liquor [*Control*] **and Cannabis** Commission may refuse to issue
18 or renew, or may suspend or revoke, a license issued under ORS [*475B.070, 475B.090, 475B.100 or*
19 *475B.110*] **475B.010 to 475B.395.**

20 **SECTION 101.** ORS 475B.605 is amended to read:

21 475B.605. (1) As is necessary to protect the public health and safety, and in consultation with
22 the Oregon Liquor [*Control*] **and Cannabis** Commission and the State Department of Agriculture,
23 the Oregon Health Authority shall adopt rules establishing standards for the labeling of marijuana
24 items, including but not limited to:

25 (a) Ensuring that usable marijuana, cannabinoid concentrates and extracts, cannabinoid edibles
26 and other cannabinoid products have labeling that communicates:

27 (A) Health and safety warnings;

28 (B) Activation time;

29 (C) Results of tests conducted pursuant to ORS 475B.550 to 475B.590;

30 (D) Potency;

31 (E) For cannabinoid products and cannabinoid concentrates and extracts, serving size and the
32 number of servings included in a cannabinoid product or cannabinoid concentrate or extract pack-
33 age; and

34 (F) Content of the marijuana item; and

35 (b) Labeling that is in accordance with applicable state food labeling requirements for the same
36 type of food product or potable liquid when the food product or potable liquid does not contain
37 marijuana or cannabinoids.

38 (2) In adopting rules under ORS 475B.400 to 475B.525, the authority shall require all usable
39 marijuana, cannabinoid products and cannabinoid concentrates and extracts transferred by a med-
40 ical marijuana dispensary registered under ORS 475B.450 to be labeled in accordance with sub-
41 subsection (1) of this section and rules adopted under subsection (1) of this section.

42 (3) In adopting rules under ORS 475B.010 to 475B.395, the commission shall require all usable
43 marijuana, cannabinoid products and cannabinoid concentrates and extracts sold or transferred by
44 a marijuana retailer that holds a license **issued** under ORS 475B.110 to be labeled in accordance
45 with subsection (1) of this section and rules adopted under subsection (1) of this section.

(4) In adopting rules under subsection (1) of this section, the authority:

(a) May establish different labeling standards for different varieties of usable marijuana and for different types of cannabinoid products and cannabinoid concentrates and extracts;

(b) May establish different minimum labeling standards for persons registered under ORS 475B.400 to 475B.525 and persons licensed under ORS 475B.010 to 475B.395;

(c) Shall consider the cost of a potential requirement and how that cost will affect the cost to the ultimate consumer of the marijuana item; and

(d) May not adopt rules that are more restrictive than is reasonably necessary to protect the public health and safety.

SECTION 102. ORS 475B.610 is amended to read:

475B.610. (1) As used in this section:

(a) "Licensee" has the meaning given that term in ORS 475B.015.

(b) "Registrant" means a person registered under ORS 475B.400 to 475B.525.

(2) The Oregon Liquor [*Control*] **and Cannabis** Commission may by rule require a licensee, and the Oregon Health Authority may by rule require a registrant, to submit a label intended for use on a marijuana item for preapproval by the commission before the licensee or registrant may sell or transfer a marijuana item bearing the label. The commission shall determine whether a label submitted under this section complies with ORS 475B.605 and any rule adopted under ORS 475B.605.

(3) The commission may impose a fee for submitting a label for preapproval under this section that is reasonably calculated to not exceed the cost of administering this section.

SECTION 103. ORS 475B.615 is amended to read:

475B.615. (1) As is necessary to protect the public health and safety, and in consultation with the Oregon Health Authority and the State Department of Agriculture, the Oregon Liquor [*Control*] **and Cannabis** Commission shall adopt rules establishing standards for the packaging of marijuana items, including but not limited to:

(a) Ensuring that usable marijuana, cannabinoid concentrates and extracts, cannabinoid edibles and other cannabinoid products are:

(A) Packaged in child-resistant safety packaging; and

(B) Not marketed in a manner that:

(i) Is untruthful or misleading;

(ii) Is attractive to minors; or

(iii) Otherwise creates a significant risk of harm to public health and safety; and

(b) Ensuring that cannabinoid edibles and other cannabinoid products are not packaged in a manner that is attractive to minors.

(2) In adopting rules under ORS 475B.400 to 475B.525, the authority shall require all usable marijuana, cannabinoid products and cannabinoid concentrates and extracts transferred by a medical marijuana dispensary registered under ORS 475B.450 to be packaged in accordance with subsection (1) of this section and rules adopted under subsection (1) of this section.

(3) In adopting rules under ORS 475B.010 to 475B.395, the commission shall require all usable marijuana, cannabinoid products and cannabinoid concentrates and extracts sold or transferred by a marijuana retailer that holds a license **issued** under ORS 475B.110 to be packaged in accordance with subsection (1) of this section and rules adopted under subsection (1) of this section.

(4) In adopting rules under subsection (1) of this section the commission:

(a) May establish different packaging standards for different varieties of usable marijuana and for different types of cannabinoid products and cannabinoid concentrates and extracts;

1 (b) May establish different minimum packaging standards for persons registered under ORS
2 475B.400 to 475B.525 and persons licensed under ORS 475B.010 to 475B.395;

3 (c) May consider the effect on the environment of requiring certain packaging;

4 (d) Shall consider the cost of a potential requirement and how that cost will affect the cost to
5 the ultimate consumer of the marijuana item; and

6 (e) May not adopt rules that are more restrictive than is reasonably necessary to protect the
7 public health and safety.

8 **SECTION 104.** ORS 475B.620 is amended to read:

9 475B.620. (1) As used in this section:

10 (a) "Licensee" has the meaning given that term in ORS 475B.015.

11 (b) "Registrant" means a person registered under ORS 475B.400 to 475B.525.

12 (2) The Oregon Liquor [*Control*] **and Cannabis** Commission may by rule require a licensee, and
13 the Oregon Health Authority may by rule require a registrant, to submit packaging intended for a
14 marijuana item for preapproval by the commission before the licensee or registrant may sell or
15 transfer a marijuana item packaged in the packaging. The commission shall determine whether
16 packaging submitted under this section complies with ORS 475B.615 and any rule adopted under
17 ORS 475B.615.

18 (3) The commission may impose a fee for submitting packaging for preapproval under this sec-
19 tion that is reasonably calculated to not exceed the cost of administering this section.

20 **SECTION 105.** ORS 475B.625, as amended by section 15, chapter 83, Oregon Laws 2016, is
21 amended to read:

22 475B.625. (1) The Oregon Health Authority shall adopt rules establishing:

23 (a) The maximum concentration of tetrahydrocannabinol that is permitted in a single serving
24 of a cannabinoid product or cannabinoid concentrate or extract; and

25 (b) The number of servings that are permitted in a cannabinoid product or cannabinoid concen-
26 trate or extract package.

27 (2)(a) In adopting rules under subsection (1)(a) of this section, the authority shall prescribe the
28 different levels of concentration of tetrahydrocannabinol that is permitted in a single serving of a
29 cannabinoid product or cannabinoid concentrate or extract for:

30 (A) Consumers who hold a valid registry identification card issued under ORS 475B.415; and

31 (B) Consumers who do not hold a valid registry identification card issued under ORS 475B.415.

32 (b) In prescribing the levels of concentration of tetrahydrocannabinol that is permitted in a
33 single serving of a cannabinoid product or cannabinoid concentrate or extract for consumers who
34 hold a valid registry identification card issued under ORS 475B.415, the authority shall consider the
35 appropriate level of concentration necessary to mitigate the symptoms or effects of a debilitating
36 medical condition, as defined in ORS 475B.410.

37 (3) In adopting rules under ORS 475B.400 to 475B.525, the authority shall require all usable
38 marijuana, cannabinoid products and cannabinoid concentrates and extracts transferred by a med-
39 ical marijuana dispensary registered under ORS 475B.450 to meet the concentration standards and
40 packaging standards adopted by rule pursuant to this section.

41 (4) In adopting rules under ORS 475B.010 to 475B.395, the Oregon Liquor [*Control*] **and**
42 **Cannabis** Commission shall require all usable marijuana, cannabinoid products and cannabinoid
43 concentrates and extracts sold or transferred by a marijuana retailer that holds a license **issued**
44 under ORS 475B.110 to meet the concentration standards and packaging standards adopted by rule
45 pursuant to this section.

1 **SECTION 106.** ORS 475B.635 is amended to read:

2 475B.635. To ensure compliance with ORS 475B.600 to 475B.655 and any rule adopted under ORS
 3 475B.600 to 475B.655, the Oregon Liquor [*Control*] **and Cannabis** Commission may inspect the
 4 premises of a person that holds a license **issued** under ORS [*475B.070, 475B.090, 475B.100 or*
 5 *475B.110*] **475B.010 to 475B.395.**

6 **SECTION 107.** ORS 475B.645 is amended to read:

7 475B.645. Subject to the applicable provisions of ORS chapter 183, if the applicant or licensee
 8 violates a provision of ORS 475B.600 to 475B.655 or a rule adopted under a provision of ORS
 9 475B.600 to 475B.655, the Oregon Liquor [*Control*] **and Cannabis** Commission may refuse to issue
 10 or renew, or may suspend or revoke, a license issued under ORS [*475B.070, 475B.090, 475B.100 or*
 11 *475B.110*] **475B.010 to 475B.395.**

12 **SECTION 108.** ORS 475B.705, as amended by section 6, chapter 91, Oregon Laws 2016, is
 13 amended to read:

14 475B.705. (1) A tax is hereby imposed upon the retail sale of marijuana items in this state. The
 15 tax imposed by this section is a direct tax on the consumer, for which payment upon retail sale is
 16 required. The tax shall be collected at the point of sale of a marijuana item by a marijuana retailer
 17 at the time at which the retail sale occurs.

18 (2) The tax imposed under this section shall be imposed at the rate of:

- 19 (a) 17 percent of the retail sales price of marijuana leaves;
- 20 (b) 17 percent of the retail sales price of marijuana flowers;
- 21 (c) 17 percent of the retail sales price of immature marijuana plants;
- 22 (d) 17 percent of the retail sales price of a cannabinoid edible;
- 23 (e) 17 percent of the retail sales price of a cannabinoid concentrate;
- 24 (f) 17 percent of the retail sales price of a cannabinoid extract;
- 25 (g) 17 percent of the retail sales price of a cannabinoid product that is intended to be used by
 26 applying the cannabinoid product to the skin or hair; and
- 27 (h) 17 percent of the retail sales price of cannabinoid products other than those described in
 28 paragraph (g) of this subsection.

29 (3) If the tax imposed under this section does not equal an amount calculable to a whole cent,
 30 the tax shall be equal to the next higher whole cent.

31 (4) Except as otherwise provided by the Department of Revenue by rule, the amount of the tax
 32 shall be separately stated on an invoice, receipt or other similar document that the marijuana
 33 retailer provides to the consumer at the time at which the retail sale occurs.

34 (5) A person may not knowingly sell, purchase, install, transfer or possess electronic devices or
 35 software programs for the purposes of:

- 36 (a) Hiding or removing records of retail sales of marijuana items; or
- 37 (b) Falsifying records of retail sales of marijuana items.

38 (6)(a) A marijuana retailer may not discount a marijuana item or offer a marijuana item for free
 39 if the retail sale of the marijuana item is made in conjunction with the retail sale of any other item.

40 (b) Paragraph (a) of this subsection does not affect any provision of ORS 475B.010 to 475B.395
 41 or any rule adopted by the Oregon Liquor [*Control*] **and Cannabis** Commission pursuant to ORS
 42 475B.010 to 475B.395 that is related to the retail sale of marijuana items.

43 **SECTION 109.** ORS 475B.730, as amended by section 4, chapter 91, Oregon Laws 2016, is
 44 amended to read:

45 475B.730. (1) Notwithstanding the confidentiality provisions of ORS 475B.755, the Department

1 of Revenue may disclose information received under ORS 317.363 and 475B.700 to 475B.760 to:

2 (a) The Oregon Liquor [*Control*] **and Cannabis** Commission to carry out the provisions of ORS
3 475B.010 to 475B.395 and 475B.700 to 475B.760; and

4 (b) The Oregon Health Authority to carry out the provisions of section 2, chapter 91, Oregon
5 Laws 2016.

6 (2) The commission may disclose information obtained pursuant to ORS 475B.010 to 475B.395 and
7 475B.700 to 475B.760 to the department for the purpose of carrying out the provisions of ORS
8 475B.010 to 475B.395 and 475B.700 to 475B.760.

9 (3) The authority may disclose information obtained pursuant to ORS 475B.415 or 475B.418 to
10 the department for the purpose of carrying out the provisions of section 2, chapter 91, Oregon Laws
11 2016, provided that the authority does not disclose personally identifiable information.

12 **SECTION 110.** ORS 475B.750, as amended by section 5, chapter 91, Oregon Laws 2016, is
13 amended to read:

14 475B.750. (1) The Department of Revenue shall administer and enforce ORS 475B.700 to
15 475B.760. The department is authorized to establish rules and procedures for the implementation and
16 enforcement of ORS 475B.700 to 475B.760 that are consistent with ORS 475B.700 to 475B.760 and
17 that the department considers necessary and appropriate to administer and enforce ORS 475B.700
18 to 475B.760.

19 (2) The Oregon Liquor [*Control*] **and Cannabis** Commission shall enter into an agreement with
20 the department for the purpose of administering and enforcing those provisions of ORS 475B.700 to
21 475B.760, and rules or procedures established for the purpose of implementing and enforcing ORS
22 475B.700 to 475B.760, that the commission and the department determine are necessary for the ef-
23 fective and efficient administration, implementation and enforcement of ORS 475B.700 to 475B.760.

24 (3) The Oregon Health Authority shall enter into an agreement with the department for the
25 purpose of administering and enforcing the provisions of section 2, chapter 91, Oregon Laws 2016,
26 and rules or procedures established for the purpose of implementing and enforcing section 2, chapter
27 91, Oregon Laws 2016, that the authority and the department determine are necessary for the ef-
28 fective and efficient administration, implementation and enforcement of section 2, chapter 91,
29 Oregon Laws 2016.

30 **SECTION 111.** ORS 475B.800, as amended by section 31, chapter 24, Oregon Laws 2016, is
31 amended to read:

32 475B.800. (1) The governing body of a city or county may adopt ordinances to be referred to the
33 electors of the city or county as described in subsection (2) of this section that prohibit or allow the
34 establishment of any one or more of the following in the area subject to the jurisdiction of the city
35 or in the unincorporated area subject to the jurisdiction of the county:

36 (a) Marijuana processing sites registered under ORS 475B.435;

37 (b) Medical marijuana dispensaries registered under ORS 475B.450;

38 (c) Marijuana producers [*licensed*] **that hold a license issued** under ORS 475B.070;

39 (d) Marijuana processors [*licensed*] **that hold a license issued** under ORS 475B.090;

40 (e) Marijuana wholesalers [*licensed*] **that hold a license issued** under ORS 475B.100;

41 (f) Marijuana retailers [*licensed*] **that hold a license issued** under ORS 475B.110; or

42 (g) Any combination of the entities described in this subsection.

43 (2) If the governing body of a city or county adopts an ordinance under this section, the gov-
44 erning body shall submit the measure of the ordinance to the electors of the city or county for ap-
45 proval at the next statewide general election.

1 (3) If the governing body of a city or county adopts an ordinance under this section, the gov-
 2 erning body must provide the text of the ordinance:

3 (a) To the Oregon Health Authority, in a form and manner prescribed by the authority, if the
 4 ordinance concerns a medical marijuana dispensary registered under ORS 475B.450 or a marijuana
 5 processing site registered under ORS 475B.435; or

6 (b) To the Oregon Liquor [*Control*] **and Cannabis** Commission, if the ordinance concerns a
 7 premises for which a license has been issued under ORS [*475B.070, 475B.090, 475B.100 or*
 8 *475B.110*] **475B.010 to 475B.395**.

9 (4)(a) Upon receiving notice of a prohibition under subsection (3) of this section, the authority
 10 shall discontinue registering those entities to which the prohibition applies until the date of the next
 11 statewide general election.

12 (b) Upon receiving notice of a prohibition (b) under subsection (3) of this section, the commission
 13 shall discontinue licensing those premises to which the prohibition applies until the date of the next
 14 statewide general election.

15 (5)(a) If an allowance is approved at the next statewide general election under subsection (2)
 16 of this section, and the allowance concerns an entity described in subsection (1)(a) or (b) of this
 17 section, the authority shall begin registering the entity to which the allowance applies on the first
 18 business day of the January immediately following the date of the statewide general election.

19 (b) If an allowance is approved at the next statewide general election under subsection (2) of
 20 this section, and the allowance concerns an entity described in subsection (1)(c) to (f) of this section,
 21 the commission shall begin licensing the premises to which the allowance applies on the first busi-
 22 ness day of the January immediately following the date of the next statewide general election.

23 (6) Notwithstanding any other provisions of law, a city or county that adopts an ordinance under
 24 this section that prohibits the establishment of an entity described in subsection (1) of this section
 25 may not impose a tax or fee on the production, processing or sale of marijuana or any product into
 26 which marijuana has been incorporated.

27 (7) Notwithstanding subsection (1) of this section, a medical marijuana dispensary is not subject
 28 to an ordinance adopted under this section if the medical marijuana dispensary:

29 (a) Is registered under ORS 475B.450 on or before the date on which the governing body adopts
 30 the ordinance; and

31 (b) Has successfully completed a city or county land use application process.

32 (8) Notwithstanding subsection (1) of this section, a marijuana processing site is not subject to
 33 an ordinance adopted under this section if the marijuana processing site:

34 (a) Is registered under ORS 475B.435 on or before the date on which the governing body adopts
 35 the ordinance; and

36 (b) Has successfully completed a city or county land use application process.

37 **SECTION 112.** Section 11, chapter 23, Oregon Laws 2016, is amended to read:

38 **Sec. 11.** For the purpose of requesting a state or nationwide criminal records check under ORS
 39 181A.195, the Oregon Liquor [*Control*] **and Cannabis** Commission may require the fingerprints of
 40 any individual listed on an application submitted under ORS 475B.560. The powers conferred on the
 41 commission under this section include the power to require the fingerprints of:

- 42 (1) If the applicant is a limited partnership, each partner of the limited partnership;
- 43 (2) If the applicant is a limited liability company, each member of the limited liability company;
- 44 (3) If the applicant is a corporation, each director and officer of the corporation;
- 45 (4) Any individual who holds a financial interest of 10 percent or more in the person applying

1 for the license; and

2 (5) Any individual who is a partner, member, director or officer of a legal entity with a financial
3 interest in the person applying for the license.

4 **SECTION 113.** Section 30, chapter 24, Oregon Laws 2016, is amended to read:

5 **Sec. 30.** (1) The governing body of a city or county may repeal an ordinance that prohibits the
6 establishment of any one or more of the following in the area subject to the jurisdiction of the city
7 or in the unincorporated area subject to the jurisdiction of the county:

8 (a) Marijuana processing sites registered under ORS 475B.435;

9 (b) Medical marijuana dispensaries registered under ORS 475B.450;

10 (c) Marijuana producers [*licensed*] **that hold a license issued** under ORS 475B.070;

11 (d) Marijuana processors [*licensed*] **that hold a license issued** under ORS 475B.090;

12 (e) Marijuana wholesalers [*licensed*] **that hold a license issued** under ORS 475B.100;

13 (f) Marijuana retailers [*licensed*] **that hold a license issued** under ORS 475B.110; or

14 (g) Any combination of the entities described in this subsection.

15 (2) If the governing body of a city or county repeals an ordinance under this section, the gov-
16 erning body must provide the text of the ordinance:

17 (a) To the Oregon Health Authority, in a form and manner prescribed by the authority, if the
18 ordinance concerns a medical marijuana dispensary registered under ORS 475B.450 or a marijuana
19 processing site registered under ORS 475B.435; or

20 (b) to the Oregon Liquor [*Control*] **and Cannabis** Commission, in a form and manner prescribed
21 by the commission, if the ordinance concerns a premises for which a license has been issued under
22 ORS [*475B.070, 475B.090, 475B.100 or 475B.110*] **475B.010 to 475B.395.**

23 **SECTION 114.** Section 47, chapter 24, Oregon Laws 2016, is amended to read:

24 **Sec. 47.** (1) Except for licensees and licensee representatives acting in accordance with ORS
25 475B.010 to 475B.395, and any rule adopted under ORS 475B.010 to 475B.395, it is unlawful for any
26 person under 21 years of age to knowingly or intentionally possess:

27 (a) An amount of marijuana plants in excess of the amount of marijuana plants allowed under
28 ORS 475B.245 (1).

29 (b) More than one ounce of usable marijuana in a public place.

30 (c) More than eight ounces of usable marijuana.

31 (d) More than 16 ounces of cannabinoid products in solid form or cannabinoid concentrates.

32 (e) More than 72 ounces of cannabinoid products in liquid form.

33 (f) More than one ounce of cannabinoid extracts.

34 (g) A cannabinoid extract that was not purchased from a marijuana retailer that holds a license
35 **issued** under ORS 475B.110.

36 (2) A violation of this section is a Class A misdemeanor.

37 **SECTION 115.** Section 9, chapter 71, Oregon Laws 2016, is amended to read:

38 **Sec. 9.** (1) For purposes of this section, “consumption” means to ingest, inhale or topically apply
39 to the skin or hair.

40 (2) A laboratory licensed by the Oregon Liquor [*Control*] **and Cannabis** Commission under ORS
41 475B.560 and accredited by the Oregon Health Authority pursuant to ORS 475B.565 may test in-
42 dustrial hemp and industrial hemp commodities and products produced or processed by a grower,
43 handler or agricultural hemp seed producer registered under ORS 571.305.

44 (3) A handler registered under ORS 571.305 may not sell an industrial hemp commodity or
45 product that is intended for human consumption unless the commodity or product is tested by a

1 laboratory described in subsection (2) of this section to ensure that the commodity or product meets
 2 the requirements adopted by the Oregon Health Authority under ORS 475B.555 (1)(a) and (b) [*and*
 3 (2)] for testing marijuana items.

4 (4) For purposes of this section, the State Department of Agriculture shall adopt rules:

5 (a) Establishing protocols for the testing of industrial hemp commodities and products; and

6 (b) Establishing procedures for determining batch sizes and for sampling industrial hemp com-
 7 modities and products.

8 **SECTION 116.** Section 9a, chapter 71, Oregon Laws 2016, is amended to read:

9 **Sec. 9a.** (1) The State Department of Agriculture may enter into an agreement with the Oregon
 10 Health Authority for the purpose of developing standards for investigating and testing an industrial
 11 hemp crop to ensure that the crop contains an average tetrahydrocannabinol concentration that
 12 does not exceed 0.3 percent on a dry weight basis.

13 (2) In accordance with standards developed under subsection (1) of this section, a laboratory li-
 14 censed by the Oregon Liquor [*Control*] **and Cannabis** Commission under ORS 475B.560 and accred-
 15 ited by the authority pursuant to ORS 475B.565 may test an industrial hemp crop for the purpose
 16 of determining the average tetrahydrocannabinol concentration of the crop.

17 (3) A laboratory described in subsection (2) of this section must provide the test results to the
 18 department in a form and manner prescribed by the department.

19 **SECTION 117.** Section 2, chapter 97, Oregon Laws 2016, is amended to read:

20 **Sec. 2.** A financial institution that provides financial services customarily provided by financial
 21 institutions pursuant to powers granted by ORS 717.200 to 717.320, 717.900 and 717.905, the Bank
 22 Act or by ORS chapter 723 to a marijuana processing site registered under ORS 475B.435, a medical
 23 marijuana dispensary registered under ORS 475B.450, a marijuana producer that holds a license **is-**
 24 **sued** under ORS 475B.070, a marijuana processor that holds a license **issued** under ORS 475B.090,
 25 a marijuana wholesaler that holds a license **issued** under ORS 475B.100, a marijuana retailer that
 26 holds a license **issued** under ORS 475B.110, a laboratory that holds a license **issued** under ORS
 27 475B.560 or a person to whom a permit has been issued under ORS 475B.218 is exempt from any
 28 criminal law of this state an element of which may be proven by substantiating that a person pro-
 29 vides financial services customarily provided by financial institutions pursuant to powers granted
 30 by ORS 717.200 to 717.320, 717.900 and 717.905, the Bank Act or ORS chapter 723 to a person
 31 [*who*] **that** possesses, delivers or manufactures marijuana or marijuana-derived products.

32 **SECTION 118.** Section 3, chapter 97, Oregon Laws 2016, is amended to read:

33 **Sec. 3.** (1) Notwithstanding any law relating to the exemption of information from public dis-
 34 closure under ORS 475B.010 to 475B.395 or 475B.550 to 475B.590, upon the request of a financial
 35 institution, the Oregon Liquor [*Control*] **and Cannabis** Commission shall provide to the financial
 36 institution the following information:

37 (a) Whether a person with whom the financial institution is doing business holds a license **is-**
 38 **sued** under ORS [475B.070, 475B.090, 475B.100, 475B.110] **475B.010 to 475B.395** or 475B.560 or a
 39 permit **issued** under ORS 475B.218;

40 (b) The name of any other business or individual affiliated with the person;

41 (c) A copy of the application, and any supporting documentation submitted with the application,
 42 for a license or a permit submitted by the person;

43 (d) If applicable, data relating to sales and the volume of product sold by the person;

44 (e) Whether the person is currently compliant with the provisions of ORS 475B.010 to 475B.395,
 45 475B.550 to 475B.590 and 475B.600 to 475B.655 and rules adopted under ORS 475B.010 to 475B.395,

1 475B.550 to 475B.590 and 475B.600 to 475B.655;

2 (f) Any past or pending violation by the person of a provision of ORS 475B.010 to 475B.395,
 3 475B.550 to 475B.590 or 475B.600 to 475B.655 or a rule adopted under ORS 475B.010 to 475B.395,
 4 475B.550 to 475B.590 or 475B.600 to 475B.655; and

5 (g) Any penalty imposed upon the person for violating a provision of ORS 475B.010 to 475B.395,
 6 475B.550 to 475B.590 or 475B.600 to 475B.655 or a rule adopted under ORS 475B.010 to 475B.395,
 7 475B.550 to 475B.590 or 475B.600 to 475B.655.

8 (2) Upon receiving a request under subsection (1) of this section, the commission shall provide
 9 the requesting financial institution with the requested information.

10 (3) The commission may charge a financial institution a reasonable fee to cover the adminis-
 11 trative costs of providing information under this section.

12
 13 (Amendments)
 14 (Operative June 30, 2018)
 15

16 **SECTION 119.** ORS 475B.063, as amended by section 11, chapter 24, Oregon Laws 2016, and
 17 section 35 of this 2017 Act, is amended to read:

18 475B.063. (1) Prior to receiving a license under ORS 475B.070, 475B.090, 475B.100 or 475B.110,
 19 an applicant shall request a land use compatibility statement from the city or county that authorizes
 20 the land use. The land use compatibility statement must demonstrate that the requested license is
 21 for a land use that is allowable as a permitted or conditional use within the given zoning designation
 22 where the land is located. The Oregon Liquor and Cannabis Commission may not issue a license if
 23 the land use compatibility statement shows that the proposed land use is prohibited in the applicable
 24 zone.

25 (2) Except as provided in subsection (3) of this section, a city or county that receives a request
 26 for a land use compatibility statement under this section must act on that request within 21 days
 27 of:

- 28 (a) Receipt of the request, if the land use is allowable as an outright permitted use; or
- 29 (b) Final local permit approval, if the land use is allowable as a conditional use.

30 (3) A city or county that receives a request for a land use compatibility statement under this
 31 section is not required to act on that request during the period that the commission discontinues
 32 licensing those premises pursuant to ORS 475B.800 [(4)(b)] (4).

33 (4) A city or county action concerning a land use compatibility statement under this section is
 34 not a land use decision for purposes of ORS chapter 195, 196, 197, 215 or 227.

35 **SECTION 120.** ORS 475B.555, as amended by section 98 of this 2017 Act, is amended to read:

36 475B.555. (1) As is necessary to protect the public health and safety, and in consultation with
 37 the Oregon Liquor and Cannabis Commission and the State Department of Agriculture, the Oregon
 38 Health Authority shall adopt rules:

- 39 (a) Establishing standards for testing marijuana items.
- 40 (b) Identifying appropriate tests for marijuana items, depending on the type of marijuana item
 41 and the manner in which the marijuana item was produced or processed, that are necessary to
 42 protect the public health and safety, including, but not limited to, tests for:
- 43 (A) Microbiological contaminants;
- 44 (B) Pesticides;
- 45 (C) Other contaminants;

1 (D) Solvents or residual solvents; and

2 (E) Tetrahydrocannabinol and cannabidiol concentration.

3 (c) Establishing procedures for determining batch sizes and for sampling usable marijuana,
4 cannabinoid products and cannabinoid concentrates or extracts.

5 (d) Establishing different minimum standards for different varieties of usable marijuana and dif-
6 ferent types of cannabinoid products and cannabinoid concentrates and extracts.

7 (2) In addition to the testing requirements established under subsection (1) of this section, [*the*
8 *authority or*] the commission may require cannabinoid edibles to be tested in accordance with any
9 applicable law of this state, or any applicable rule adopted under a law of this state, related to the
10 production and processing of food products or commodities.

11 [(3) *In adopting rules under ORS 475B.400 to 475B.525, the authority may require:*]

12 [(a) *A person responsible for a marijuana grow site under ORS 475B.420 to test usable marijuana*
13 *before transferring the usable marijuana to a registrant other than an individual who holds a registry*
14 *identification card under ORS 475B.415; and]*

15 [(b) *A person processing marijuana to test cannabinoid products or cannabinoid concentrates or*
16 *extracts before transferring the cannabinoid products or cannabinoid concentrates or extracts to a*
17 *registrant other than an individual who holds a registry identification card under ORS 475B.415.]*

18 [(4)] (3) In adopting rules under ORS 475B.010 to 475B.395, the commission may require:

19 (a) A marijuana producer that holds a license under ORS 475B.070 or a marijuana wholesaler
20 that holds a license under ORS 475B.100 to test usable marijuana before selling or transferring the
21 usable marijuana; and

22 (b) A marijuana processor that holds a license under ORS 475B.090 or a marijuana wholesaler
23 that holds a license under ORS 475B.100 to test cannabinoid products or cannabinoid concentrates
24 or extracts before selling or transferring the cannabinoid products or cannabinoid concentrates or
25 extracts.

26 [(5)] (4) [*The authority and*] The commission may conduct random testing of marijuana items for
27 the purpose of determining whether [*a person subject to testing under subsection (3) of this section*
28 *or*] a licensee subject to testing under subsection [(4)] (3) of this section is in compliance with this
29 section.

30 [(6)] (5) In adopting rules to implement **subsection (3) of** this section, the [*authority and*] com-
31 mission may not require a marijuana item to undergo the same test more than once unless the
32 marijuana item is processed into a different type of marijuana item or the condition of the marijuana
33 item has fundamentally changed.

34 [(7)] (6) The testing of marijuana items as required by this section must be conducted by a lab-
35 oratory licensed by the commission under ORS 475B.560 and accredited by the authority under ORS
36 475B.565.

37 [(8)] (7) In adopting rules under subsection (1) of this section, the authority:

38 (a) Shall consider the cost of a potential testing procedure and how that cost will affect the cost
39 to the ultimate consumer of the marijuana item; and

40 (b) May not adopt rules that are more restrictive than is reasonably necessary to protect the
41 public health and safety.

42 **SECTION 121.** ORS 475B.570 is amended to read:

43 475B.570. [*ORS 475B.550 to 475B.590 do not apply to:*]

44 [(1) *A person responsible for a marijuana grow site under ORS 475B.420 if the person is trans-*
45 *ferring usable marijuana or an immature marijuana plant, as defined in ORS 475B.015, to:]*

1 *[(a) A person who holds a registry identification card under ORS 475B.415 and who designated*
 2 *the person responsible for the marijuana grow site to grow marijuana for the person who holds a*
 3 *registry identification card; or]*

4 *[(b) A person who has been designated as the primary caregiver under ORS 475B.418 of a person*
 5 *who holds a registry identification card under ORS 475B.415 and who designated the person respon-*
 6 *sible for the marijuana grow site to grow marijuana for the person who holds a registry identification*
 7 *card; or]*

8 **[(2) ORS 475B.550 to 475B.590 do not apply to a person who [has been] is the** designated *[as*
 9 *the] primary caregiver under ORS 475B.418 of a person who holds a registry identification card un-*
 10 *der ORS 475B.415 if the person is transferring a marijuana item to the person who holds a registry*
 11 *identification card.*

12 **SECTION 122.** ORS 475B.605, as amended by section 101 of this 2017 Act, is amended to read:

13 475B.605. (1) As is necessary to protect the public health and safety, and in consultation with
 14 the Oregon Liquor and Cannabis Commission and the State Department of Agriculture, the Oregon
 15 Health Authority shall adopt rules establishing standards for the labeling of marijuana items, in-
 16 cluding but not limited to:

17 (a) Ensuring that usable marijuana, cannabinoid concentrates and extracts, cannabinoid edibles
 18 and other cannabinoid products have labeling that communicates:

19 (A) Health and safety warnings;

20 (B) Activation time;

21 (C) Results of tests conducted pursuant to ORS 475B.550 to 475B.590;

22 (D) Potency;

23 (E) For cannabinoid products and cannabinoid concentrates and extracts, serving size and the
 24 number of servings included in a cannabinoid product or cannabinoid concentrate or extract pack-
 25 age; and

26 (F) Content of the marijuana item; and

27 (b) Labeling that is in accordance with applicable state food labeling requirements for the same
 28 type of food product or potable liquid when the food product or potable liquid does not contain
 29 marijuana or cannabinoids.

30 *[(2) In adopting rules under ORS 475B.400 to 475B.525, the authority shall require all usable*
 31 *marijuana, cannabinoid products and cannabinoid concentrates and extracts transferred by a medical*
 32 *marijuana dispensary registered under ORS 475B.450 to be labeled in accordance with subsection (1)*
 33 *of this section and rules adopted under subsection (1) of this section.]*

34 **[(3) (2)** In adopting rules under ORS 475B.010 to 475B.395, the commission shall require all us-
 35 able marijuana, cannabinoid products and cannabinoid concentrates and extracts sold or transferred
 36 by a marijuana retailer that holds a license **issued** under ORS 475B.110 to be labeled in accordance
 37 with subsection (1) of this section and rules adopted under subsection (1) of this section.

38 **[(4) (3)** In adopting rules under subsection (1) of this section, the authority:

39 (a) May establish different labeling standards for different varieties of usable marijuana and for
 40 different types of cannabinoid products and cannabinoid concentrates and extracts;

41 *[(b) May establish different minimum labeling standards for persons registered under ORS*
 42 *475B.400 to 475B.525 and persons licensed under ORS 475B.010 to 475B.395;]*

43 **[(c) (b)** Shall consider the cost of a potential requirement and how that cost will affect the cost
 44 to the ultimate consumer of the marijuana item; and

45 **[(d) (c)** May not adopt rules that are more restrictive than is reasonably necessary to protect

1 the public health and safety.

2 **SECTION 123.** ORS 475B.610, as amended by section 102 of this 2017 Act, is amended to read:

3 475B.610. (1) As used in this section[.],

4 [(a)] “licensee” has the meaning given that term in ORS 475B.015.

5 [(b)] “Registrant” means a person registered under ORS 475B.400 to 475B.525.]

6 (2) The Oregon Liquor and Cannabis Commission may by rule require a licensee[, and the
7 Oregon Health Authority may by rule require a registrant,] to submit a label intended for use on a
8 marijuana item for preapproval by the commission before the licensee [or registrant] may sell or
9 transfer a marijuana item bearing the label. The commission shall determine whether a label sub-
10 mitted under this section complies with ORS 475B.605 and any rule adopted under ORS 475B.605.

11 (3) The commission may impose a fee for submitting a label for preapproval under this section
12 that is reasonably calculated to not exceed the cost of administering this section.

13 **SECTION 124.** ORS 475B.615, as amended by section 103 of this 2017 Act, is amended to read:

14 475B.615. (1) As is necessary to protect the public health and safety, and in consultation with
15 the Oregon Health Authority and the State Department of Agriculture, the Oregon Liquor and
16 Cannabis Commission shall adopt rules establishing standards for the packaging of marijuana items,
17 including but not limited to:

18 (a) Ensuring that usable marijuana, cannabinoid concentrates and extracts, cannabinoid edibles
19 and other cannabinoid products are:

20 (A) Packaged in child-resistant safety packaging; and

21 (B) Not marketed in a manner that:

22 (i) Is untruthful or misleading;

23 (ii) Is attractive to minors; or

24 (iii) Otherwise creates a significant risk of harm to public health and safety; and

25 (b) Ensuring that cannabinoid edibles and other cannabinoid products are not packaged in a
26 manner that is attractive to minors.

27 [(2) In adopting rules under ORS 475B.400 to 475B.525, the authority shall require all usable
28 marijuana, cannabinoid products and cannabinoid concentrates and extracts transferred by a medical
29 marijuana dispensary registered under ORS 475B.450 to be packaged in accordance with subsection
30 (1) of this section and rules adopted under subsection (1) of this section.]

31 [(3)] (2) In adopting rules under ORS 475B.010 to 475B.395, the commission shall require all us-
32 able marijuana, cannabinoid products and cannabinoid concentrates and extracts sold or transferred
33 by a marijuana retailer that holds a license **issued** under ORS 475B.110 to be packaged in accord-
34 ance with subsection (1) of this section and rules adopted under subsection (1) of this section.

35 [(4)] (3) In adopting rules under subsection (1) of this section the commission:

36 (a) May establish different packaging standards for different varieties of usable marijuana and
37 for different types of cannabinoid products and cannabinoid concentrates and extracts;

38 [(b) May establish different minimum packaging standards for persons registered under ORS
39 475B.400 to 475B.525 and persons licensed under ORS 475B.010 to 475B.395;]

40 [(c)] (b) May consider the effect on the environment of requiring certain packaging;

41 [(d)] (c) Shall consider the cost of a potential requirement and how that cost will affect the cost
42 to the ultimate consumer of the marijuana item; and

43 [(e)] (d) May not adopt rules that are more restrictive than is reasonably necessary to protect
44 the public health and safety.

45 **SECTION 125.** ORS 475B.620, as amended by section 104 of this 2017 Act, is amended to read:

1 475B.620. (1) As used in this section[:],

2 [(a)] “licensee” has the meaning given that term in ORS 475B.015.

3 [(b)] “*Registrant*” means a person registered under ORS 475B.400 to 475B.525.]

4 (2) The Oregon Liquor and Cannabis Commission may by rule require a licensee[, and the
5 Oregon Health Authority may by rule require a registrant,] to submit packaging intended for a
6 marijuana item for preapproval by the commission before the licensee [or registrant] may sell or
7 transfer a marijuana item packaged in the packaging. The commission shall determine whether
8 packaging submitted under this section complies with ORS 475B.615 and any rule adopted under
9 ORS 475B.615.

10 (3) The commission may impose a fee for submitting packaging for preapproval under this sec-
11 tion that is reasonably calculated to not exceed the cost of administering this section.

12 **SECTION 126.** ORS 475B.625, as amended by section 15, chapter 83, Oregon Laws 2016, and
13 section 105 of this 2017 Act, is amended to read:

14 475B.625. (1) The Oregon Health Authority shall adopt rules establishing:

15 (a) The maximum concentration of tetrahydrocannabinol that is permitted in a single serving
16 of a cannabinoid product or cannabinoid concentrate or extract; and

17 (b) The number of servings that are permitted in a cannabinoid product or cannabinoid concen-
18 trate or extract package.

19 (2)(a) In adopting rules under subsection (1)(a) of this section, the authority shall prescribe the
20 different levels of concentration of tetrahydrocannabinol that is permitted in a single serving of a
21 cannabinoid product or cannabinoid concentrate or extract for:

22 (A) Consumers who hold a valid registry identification card issued under ORS 475B.415; and

23 (B) Consumers who do not hold a valid registry identification card issued under ORS 475B.415.

24 (b) In prescribing the levels of concentration of tetrahydrocannabinol that is permitted in a
25 single serving of a cannabinoid product or cannabinoid concentrate or extract for consumers who
26 hold a valid registry identification card issued under ORS 475B.415, the authority shall consider the
27 appropriate level of concentration necessary to mitigate the symptoms or effects of a debilitating
28 medical condition, as defined in ORS 475B.410.

29 [(3) In adopting rules under ORS 475B.400 to 475B.525, the authority shall require all usable
30 marijuana, cannabinoid products and cannabinoid concentrates and extracts transferred by a medical
31 marijuana dispensary registered under ORS 475B.450 to meet the concentration standards and pack-
32 aging standards adopted by rule pursuant to this section.]

33 [(4)] (3) In adopting rules under ORS 475B.010 to 475B.395, the Oregon Liquor and Cannabis
34 Commission shall require all usable marijuana, cannabinoid products and cannabinoid concentrates
35 and extracts sold or transferred by a marijuana retailer that holds a license **issued** under ORS
36 475B.110 to meet the concentration standards and packaging standards adopted by rule pursuant to
37 this section.

38 **SECTION 127.** ORS 475B.630 is amended to read:

39 475B.630. [ORS 475B.600 to 475B.655 do not apply to:]

40 [(1) A person responsible for a marijuana grow site under ORS 475B.420 if the person is trans-
41 ferring usable marijuana or an immature marijuana plant, as defined in ORS 475B.015, to:]

42 [(a) A person who holds a registry identification card under ORS 475B.415 and who designated
43 the person responsible for the marijuana grow site to grow marijuana for the person who holds a
44 registry identification card; or]

45 [(b) A person who has been designated as the primary caregiver under ORS 475B.418 of a person

1 *who holds a registry identification card under ORS 475B.415, and who designated the person respon-*
 2 *sible for the marijuana grow site to grow marijuana for the person who holds a registry identification*
 3 *card; or]*

4 [(2)] **ORS 475B.600 to 475B.655 do not apply to** a person who [*has been*] **is the** designated [*as*
 5 *the*] primary caregiver under ORS 475B.418 of a person who holds a registry identification card un-
 6 der ORS 475B.415 if the person is transferring a marijuana item to the person who holds a registry
 7 identification card.

8 **SECTION 128.** ORS 475B.800, as amended by section 31, chapter 24, Oregon Laws 2016, and
 9 section 111 of this 2017 Act, is amended to read:

10 475B.800. (1) The governing body of a city or county may adopt ordinances to be referred to the
 11 electors of the city or county as described in subsection (2) of this section that prohibit or allow the
 12 establishment of any one or more of the following in the area subject to the jurisdiction of the city
 13 or in the unincorporated area subject to the jurisdiction of the county:

14 [(a)] *Marijuana processing sites registered under ORS 475B.435;*

15 [(b)] *Medical marijuana dispensaries registered under ORS 475B.450;*

16 [(c)] (a) Marijuana producers that hold a license issued under ORS 475B.070;

17 [(d)] (b) Marijuana processors that hold a license issued under ORS 475B.090;

18 [(e)] (c) Marijuana wholesalers that hold a license issued under ORS 475B.100;

19 [(f)] (d) Marijuana retailers that hold a license issued under ORS 475B.110; or

20 [(g)] (e) Any combination of the entities described in this subsection.

21 (2) If the governing body of a city or county adopts an ordinance under this section, the gov-
 22 erning body shall submit the measure of the ordinance to the electors of the city or county for ap-
 23 proval at the next statewide general election.

24 (3) If the governing body of a city or county adopts an ordinance under this section, the gov-
 25 erning body must provide the text of the ordinance[.] **to the Oregon Liquor and Cannabis Com-**
 26 **mission, in a form and manner prescribed by the commission.**

27 [(a)] *To the Oregon Health Authority, in a form and manner prescribed by the authority, if the or-*
 28 *dinance concerns a medical marijuana dispensary registered under ORS 475B.450 or a marijuana*
 29 *processing site registered under ORS 475B.435; or]*

30 [(b)] *To the Oregon Liquor and Cannabis Commission, if the ordinance concerns a premises for*
 31 *which a license has been issued under ORS 475B.010 to 475B.395.]*

32 [(4)(a)] *Upon receiving notice of a prohibition under subsection (3) of this section, the authority shall*
 33 *discontinue registering those entities to which the prohibition applies until the date of the next state-*
 34 *wide general election.]*

35 [(b)] (4) Upon receiving notice of a prohibition under subsection (3) of this section, the commis-
 36 sion shall discontinue licensing those premises to which the prohibition applies until the date of the
 37 next statewide general election.

38 [(5)(a)] *If an allowance is approved at the next statewide general election under subsection (2) of*
 39 *this section, and the allowance concerns an entity described in subsection (1)(a) or (b) of this section,*
 40 *the authority shall begin registering the entity to which the allowance applies on the first business day*
 41 *of the January immediately following the date of the statewide general election.]*

42 [(b)] (5) If an allowance is approved at the next statewide general election under subsection (2)
 43 of this section, [*and the allowance concerns an entity described in subsection (1)(c) to (f) of this*
 44 *section,]* the commission shall begin licensing the premises to which the allowance applies on the
 45 first business day of the January immediately following the date of the next statewide general

1 election.

2 (6) Notwithstanding any other provisions of law, a city or county that adopts an ordinance under
 3 this section that prohibits the establishment of an entity described in subsection (1) of this section
 4 may not impose a tax or fee on the production, processing or sale of marijuana or any product into
 5 which marijuana has been incorporated.

6 *[(7) Notwithstanding subsection (1) of this section, a medical marijuana dispensary is not subject
 7 to an ordinance adopted under this section if the medical marijuana dispensary:]*

8 *[(a) Is registered under ORS 475B.450 on or before the date on which the governing body adopts
 9 the ordinance; and]*

10 *[(b) Has successfully completed a city or county land use application process.]*

11 *[(8) Notwithstanding subsection (1) of this section, a marijuana processing site is not subject to an
 12 ordinance adopted under this section if the marijuana processing site:]*

13 *[(a) Is registered under ORS 475B.435 on or before the date on which the governing body adopts
 14 the ordinance; and]*

15 *[(b) Has successfully completed a city or county land use application process.]*

16 **SECTION 129.** Section 30, chapter 24, Oregon Laws 2016, as amended by section 113 of this
 17 2017 Act, is amended to read:

18 **Sec. 30.** (1) The governing body of a city or county may repeal an ordinance that prohibits the
 19 establishment of any one or more of the following in the area subject to the jurisdiction of the city
 20 or in the unincorporated area subject to the jurisdiction of the county:

21 *[(a) Marijuana processing sites registered under ORS 475B.435;]*

22 *[(b) Medical marijuana dispensaries registered under ORS 475B.450;]*

23 *[(c)] (a) Marijuana producers that hold a license issued under ORS 475B.070;*

24 *[(d)] (b) Marijuana processors that hold a license issued under ORS 475B.090;*

25 *[(e)] (c) Marijuana wholesalers that hold a license issued under ORS 475B.100;*

26 *[(f)] (d) Marijuana retailers that hold a license issued under ORS 475B.110; or*

27 *[(g)] (e) Any combination of the entities described in this subsection.*

28 (2) If the governing body of a city or county repeals an ordinance under this section, the gov-
 29 erning body must provide the text of the ordinance[:] **to the Oregon Liquor and Cannabis Com-
 30 mission, in a form and manner prescribed by the commission.**

31 *[(a) To the Oregon Health Authority, in a form and manner prescribed by the authority, if the or-
 32 dinance concerns a medical marijuana dispensary registered under ORS 475B.450 or a marijuana
 33 processing site registered under ORS 475B.435; or]*

34 *[(b) to the Oregon Liquor and Cannabis Commission, in a form and manner prescribed by the
 35 commission, if the ordinance concerns a premises for which a license has been issued under ORS
 36 475B.010 to 475B.395.]*

37 **SECTION 130.** Section 33, chapter 24, Oregon Laws 2016, is amended to read:

38 **Sec. 33.** (1) As used in this section, “designated primary caregiver,” “immature marijuana
 39 plant,” “marijuana,” “medical cannabinoid product” and “registry identification cardholder” have
 40 the meanings given those terms in ORS 475B.410.

41 (2) A city or county may not adopt an ordinance, by referral or otherwise, that prohibits or
 42 otherwise limits:

43 (a) The privileges described in ORS 475B.245; or

44 (b) The right of a registry identification cardholder and the designated primary caregiver of a
 45 registry identification cardholder to:

1 (A) Possess the seeds of marijuana, immature marijuana plants or medical cannabinoid products
2 as described in ORS 475B.400 to 475B.525; **or**

3 (B) Jointly possess [*up to six*] mature marijuana plants **in the quantity specified in** [*under*] ORS
4 475B.428 [*(1)*]; or

5 (C) Jointly possess [*up to 24 ounces of*] usable marijuana **in the quantity specified in** [*under*]
6 ORS 475B.430 [*(1)*].

7 **SECTION 131.** Section 2, chapter 83, Oregon Laws 2016, as amended by section 86 of this 2017
8 Act, is amended to read:

9 **Sec. 2.** (1) As used in this section, “designated primary caregiver[.]” [*“marijuana processing*
10 *site,” “medical marijuana dispensary”*] and “registry identification cardholder” have the meanings
11 given those terms in ORS 475B.410.

12 (2) To produce marijuana for medical purposes, a marijuana producer that holds a license issued
13 under ORS 475B.070 must register with the Oregon Liquor and Cannabis Commission under this
14 section.

15 (3) The commission shall register a marijuana producer for the purpose of producing marijuana
16 for medical purposes if the marijuana producer:

- 17 (a) Holds a license issued under ORS 475B.070;
- 18 (b) Meets any qualifications adopted by the commission by rule;
- 19 (c) Applies to the commission in a form and manner prescribed by the commission; and
- 20 (d) Pays any fee adopted by the commission by rule.

21 (4)(a) A marijuana producer registered under this section may produce marijuana for a registry
22 identification cardholder, and provide usable marijuana to the registry identification cardholder or
23 to the designated primary caregiver of the registry identification cardholder, if the marijuana pro-
24 ducer enters into an agreement with the registry identification cardholder for whom the marijuana
25 producer is producing the marijuana. An agreement entered into under this subsection:

26 (A) Must be submitted to the commission in a manner prescribed by the commission;

27 (B) Except as provided in subparagraph (C) of this paragraph, may not allow the marijuana
28 producer to be compensated for producing the marijuana or providing the usable marijuana;

29 (C) May require a registry identification cardholder, or a designated primary caregiver on behalf
30 of a registry identification cardholder, to reimburse a marijuana producer for all costs associated
31 with producing marijuana for the registry identification cardholder or providing usable marijuana
32 to the registry identification cardholder or designated primary caregiver;

33 (D) May not allow the marijuana producer to produce for the registry identification cardholder
34 an amount of mature marijuana plants that exceeds the amount that a registry identification
35 cardholder and [*a*] **the designated primary caregiver of the registry identification cardholder** may
36 jointly possess under ORS 475B.428;

37 (E) May not allow the marijuana producer to provide to the registry identification cardholder
38 **or designated primary caregiver** an amount of usable marijuana that exceeds the amount that a
39 registry identification cardholder and [*a*] **the designated primary caregiver of the registry iden-**
40 **tification cardholder** may jointly possess under ORS 475B.430; and

41 (F) May allow the marijuana producer to keep a portion of the usable marijuana harvested from
42 the marijuana produced for the registry identification cardholder for the purposes of:

43 (i) Providing usable marijuana to additional registry identification cardholders or designated
44 primary caregivers; and

45 (ii) Transferring or selling usable marijuana to [*marijuana processing sites or medical marijuana*

1 *dispensaries.] marijuana processors that hold a license issued under ORS 475B.090 and that*
 2 *are registered under section 3, chapter 83, Oregon Laws 2016, marijuana wholesalers that*
 3 *hold a license issued under ORS 475B.100 and that are registered under section 4, chapter*
 4 *83, Oregon Laws 2016 and marijuana retailers that hold a license issued under ORS 475B.110*
 5 *and that are registered under section 5, chapter 83, Oregon Laws 2016.*

6 (c) Marijuana produced [*for a registry identification cardholder,*] and usable marijuana trans-
 7 ferred or sold [*to a marijuana processing site or medical marijuana dispensary, pursuant to an*
 8 *agreement entered into*] under this subsection must be tracked by the system developed and main-
 9 tained under ORS 475B.150.

10 (d)(A) Upon request by the commission, the Oregon Health Authority shall provide the commis-
 11 sion, notwithstanding any laws relating to the confidentiality of information under ORS 475B.460
 12 [*and 475B.462*], with the registration information of:

13 (i) A registry identification cardholder who enters into an agreement under this subsection; or

14 (ii) A registry identification cardholder[,] **or** designated primary caregiver[, *marijuana processing*
 15 *site or medical marijuana dispensary that*] **who** receives usable marijuana pursuant to an agreement
 16 entered into under this subsection.

17 (B) Registration information received by the commission under this paragraph that is confiden-
 18 tial and not subject to public disclosure under ORS 475B.460 [*and 475B.462*] remains confidential and
 19 not subject to public disclosure after being provided to the commission.

20 (e) Marijuana produced pursuant to an agreement entered into under this subsection is not
 21 subject to rules restricting the size of mature marijuana plant grow canopies adopted by the com-
 22 mission under ORS 475B.075.

23 (5)(a) The commission shall adopt rules necessary to administer this section, including rules:

24 (A) For the equitable conversion of a number of mature marijuana plants to a size of mature
 25 marijuana plant grow canopy;

26 (B) Limiting the amount of marijuana that may be produced under [*section*] **subsection** (4) of
 27 this section;

28 (C) Limiting the amount of usable marijuana that may be provided, transferred or sold under
 29 subsection (4)(a)(F) of this section;

30 (D) Limiting the number of registry identification cardholders for whom a marijuana producer
 31 registered under this section may produce marijuana; and

32 (E) Prohibiting a registry identification cardholder from entering into more than one agreement
 33 with a marijuana producer registered under this section.

34 (b) The rules must provide that any fee adopted by the commission under subsection (3)(d) of this
 35 section be in an amount reasonably calculated to not exceed, together with other fees collected
 36 under ORS 475B.010 to 475B.395, the cost of administering ORS 475B.010 to 475B.395.

37 **SECTION 132.** Section 2, chapter 97, Oregon Laws 2016, as amended by section 117 of this 2017
 38 Act, is amended to read:

39 **Sec. 2.** A financial institution that provides financial services customarily provided by financial
 40 institutions pursuant to powers granted by ORS 717.200 to 717.320, 717.900 and 717.905, the Bank
 41 Act or by ORS chapter 723 to [*a marijuana processing site registered under ORS 475B.435, a medical*
 42 *marijuana dispensary registered under ORS 475B.450,*] a marijuana producer that holds a license is-
 43 sued under ORS 475B.070, a marijuana processor that holds a license issued under ORS 475B.090,
 44 a marijuana wholesaler that holds a license issued under ORS 475B.100, a marijuana retailer that
 45 holds a license issued under ORS 475B.110, a laboratory that holds a license issued under ORS

1 475B.560 or a person to whom a permit has been issued under ORS 475B.218 is exempt from any
 2 criminal law of this state an element of which may be proven by substantiating that a person pro-
 3 vides financial services customarily provided by financial institutions pursuant to powers granted
 4 by ORS 717.200 to 717.320, 717.900 and 717.905, the Bank Act or ORS chapter 723 to a person that
 5 possesses, delivers or manufactures marijuana or marijuana-derived products.

6 **SECTION 133.** Section 6, chapter 97, Oregon Laws 2016, is amended to read:

7 **Sec. 6.** Information received by a financial institution under section 3[, 4] or 5 [*of this 2016*
 8 *Act*], **chapter 97, Oregon Laws 2016**, is confidential for purposes of ORS 717.200 to 717.320, 717.900
 9 and 717.905, the Bank Act and ORS chapter 723. Except as otherwise required or permitted by the
 10 provisions of ORS 192.583 to 192.607, 717.200 to 717.320, 717.900 and 717.905, or the Bank Act or
 11 ORS chapter 723, or by other state law or rule or federal law or regulation, a financial institution
 12 may not make the information available to any person other than:

13 (1) The customer to whom the information applies; and

14 (2) A trustee, conservator, guardian, personal representative or agent of the customer to whom
 15 the information applies.

16
 17 (Repeals)

18 (Operative June 30, 2018)

19
 20 **SECTION 134. ORS 475B.580, 475B.640 and 475B.650 and section 4, chapter 97, Oregon**
 21 **Laws 2016, are repealed.**

22
 23 **AMENDMENTS CHANGING NAME OF COMMISSION**
 24 **EFFECTIVE 91ST DAY AFTER ADJOURNMENT SINE DIE**
 25

26 **SECTION 135.** ORS 25.750 is amended to read:

27 25.750. (1) All licenses, certificates, permits or registrations that a person is required by state
 28 law to possess in order to engage in an occupation or profession or to use a particular occupational
 29 or professional title, all annual licenses issued to individuals by the Oregon Liquor [*Control*] **and**
 30 **Cannabis** Commission, all driver licenses or permits issued by the Department of Transportation and
 31 recreational hunting and fishing licenses, as defined by rule of the Department of Justice, are sub-
 32 ject to suspension by the respective issuing entities upon certification to the issuing entity by the
 33 administrator that a child support case record is being maintained by the Department of Justice,
 34 that the case is being enforced by the administrator under the provisions of ORS 25.080 and that
 35 one or both of the following conditions apply:

36 (a) That the party holding the license, certificate, permit or registration is in arrears under any
 37 child support judgment or order, in an amount equal to the greater of three months of support or
 38 \$2,500, and:

39 (A) Has not entered into an agreement with the administrator with respect to the child support
 40 obligation; or

41 (B) Is not in compliance with an agreement entered into with the administrator; or

42 (b) That the party holding the license, certificate, permit or registration has failed, after re-
 43 ceiving appropriate notice, to comply with a subpoena or other procedural order relating to a
 44 paternity or child support proceeding and:

45 (A) Has not entered into an agreement with the administrator with respect to compliance; or

1 (B) Is not in compliance with such an agreement.

2 (2) The Department of Justice by rule shall specify the conditions and terms of agreements,
3 compliance with which precludes the suspension of the license, certificate, permit or registration.

4 **SECTION 136.** ORS 25.756 is amended to read:

5 25.756. The Department of Justice shall enter into agreements regarding the identification of
6 persons who are subject to the provisions of ORS 25.750 to 25.783 and who hold licenses, certificates,
7 permits or registrations with:

8 (1) The Oregon Liquor [*Control*] **and Cannabis** Commission;

9 (2) All entities that issue licenses, certificates, permits or registrations that a person is required
10 by state law to possess to engage in an occupation, profession or recreational hunting or fishing or
11 to use a particular occupational or professional title; and

12 (3) The Department of Transportation.

13 **SECTION 137.** ORS 25.780 is amended to read:

14 25.780. In addition to any other grounds for suspension provided by law:

15 (1) The Oregon Liquor [*Control*] **and Cannabis** Commission and any entity that issues licenses,
16 certificates, permits or registrations that a person is required by state law to possess to engage in
17 an occupation, profession or recreational hunting or fishing or to use a particular occupational or
18 professional title shall suspend without further hearing the licenses, certificates, permits or regis-
19 trations of a person upon certification by the administrator that the person is subject to an order
20 suspending the license, certificate, permit or registration. The certification must include the infor-
21 mation specified in ORS 25.750 (1).

22 (2) The Department of Transportation shall suspend without further hearing the driver license
23 or driver permit of a person upon certification by the administrator that the person is subject to
24 an order suspending the license or permit. The certification must include the information specified
25 in ORS 25.750 (1).

26 **SECTION 138.** ORS 165.117 is amended to read:

27 165.117. (1) Before completing a transaction, a scrap metal business engaged in business in this
28 state shall:

29 (a) Create a metal property record for the transaction at the time and in the location where the
30 transaction occurs. The record must:

31 (A) Be accurate and written clearly and legibly in English;

32 (B) Be entered onto a standardized printed form or an electronic form that is securely stored
33 and is capable of ready retrieval and printing; and

34 (C) Contain all of the following information:

35 (i) The signature of the individual with whom the scrap metal business conducts the transaction.

36 (ii) The time, date, location and monetary amount or other value of the transaction.

37 (iii) The name of the employee who conducts the transaction on behalf of the scrap metal busi-
38 ness.

39 (iv) The name and telephone number of the individual with whom the scrap metal business
40 conducts the transaction and a street address or, if a post office box is listed on the government-
41 issued photo identification described in sub-subparagraph (vi) of this subparagraph, a post office box,
42 to which the scrap metal business will mail payment to the individual.

43 (v) A description of, and the license number and issuing state shown on the license plate affixed
44 to, the motor vehicle, if any, used to transport the individual who conducts, or the nonferrous metal
45 property or private metal property that is the subject of, the transaction.

1 (vi) A photocopy of a current, valid driver license or other government-issued photo identifica-
2 tion belonging to the individual with whom the scrap metal business conducts the transaction.

3 (vii) A photograph of, or video surveillance recording depicting, a recognizable facial image of
4 the individual with whom the scrap metal business conducts the transaction.

5 (viii) A general description of the nonferrous metal property or private metal property that
6 constitutes the predominant part of the transaction. The description must include any identifiable
7 marks on the property, if readily discernible, and must specify the weight, quantity or volume of the
8 nonferrous metal property or private metal property.

9 (b) Require the individual with whom the scrap metal business conducts a transaction to sign
10 and date a declaration printed in conspicuous type, either on the record described in this subsection
11 or on a receipt issued to the individual with whom the scrap metal business conducts the trans-
12 action, that states:

13 _____
14
15 I, _____, AFFIRM UNDER PENALTY OF LAW THAT THE PROPERTY I AM
16 SELLING IN THIS TRANSACTION IS NOT, TO THE BEST OF MY KNOWLEDGE, STOLEN
17 PROPERTY.
18 _____

19
20 (c) Require the employee of the scrap metal business who conducts the transaction on behalf
21 of the scrap metal business to witness the individual sign the declaration, and also to sign and date
22 the declaration in a space provided for that purpose.

23 (d) For one year following the date of the transaction, keep a copy of the record and the signed
24 and dated declaration described in this subsection. If the scrap metal business uses a video surveil-
25 lance recording as part of the record kept in accordance with this subsection, the scrap metal
26 business need not keep the video surveillance recording for one year, but shall retain the video
27 surveillance recording for a minimum of 30 days following the date of the transaction. The scrap
28 metal business shall at all times keep the copies at the current place of business for the scrap metal
29 business.

30 (2) A scrap metal business engaged in business in this state may not do any of the following:

31 (a) Purchase or receive kegs or similar metallic containers used to store or dispense alcoholic
32 beverages, except from a person that manufactures the kegs or containers or from a person licensed
33 by the Oregon Liquor [*Control*] **and Cannabis** Commission under ORS 471.155.

34 (b) Conduct a transaction with an individual if the individual does not at the time of the trans-
35 action consent to the creation of the record described in subsection (1) of this section and produce
36 for inspection a valid driver license or other government-issued photo identification that belongs to
37 the individual.

38 (c) Conduct a transaction with an individual in which the scrap metal business pays the indi-
39 vidual other than by electronic funds transfer, stored value card or stored value device, or by
40 mailing a nontransferable check, made payable to the individual, for the amount of the transaction
41 to the street address or post office box the individual provided under subsection (1)(a)(C)(iv) of this
42 section. Payment must be made not earlier than three business days after the date of the trans-
43 action. The check, electronic funds transfer or stored value device must be drawn on or must draw
44 from an account that the scrap metal business maintains with a financial institution, as defined in
45 ORS 706.008. A stored value card may be issued by a money transmission business licensed under

1 ORS 717.200 to 717.320 or exempt from the licensing requirement under ORS 717.210.

2 (d) Purchase metal property from a nonprofit corporation other than by electronic funds trans-
3 fer, stored value card or stored value device, or by mailing a nontransferable check, made payable
4 to the nonprofit corporation, for the amount of the purchase price to the business address provided
5 under subsection (4)(a)(B) of this section. Payment must be made not earlier than three business days
6 after the date of the purchase. The check, electronic funds transfer or stored value device must be
7 drawn on or must draw from an account that the scrap metal business maintains with a financial
8 institution, as defined in ORS 706.008. A stored value card may be issued by a money transmission
9 business licensed under ORS 717.200 to 717.320 or exempt from the licensing requirement under ORS
10 717.210.

11 (e) Cash or release a check issued in payment for a transaction or for a purchase described in
12 paragraph (d) of this subsection other than as provided in this paragraph or paragraph (c) or (d) of
13 this subsection. If a check is not delivered to the intended recipient within 10 days of the date of
14 the transaction or the purchase, the scrap metal business may release the check directly to the in-
15 dividual or nonprofit corporation with the written approval of a law enforcement agency having ju-
16 risdiction over the scrap metal business. If a check is returned as undelivered or undeliverable, the
17 scrap metal business shall:

18 (A) Release the check directly to the individual or nonprofit corporation with the written ap-
19 proval of a law enforcement agency having jurisdiction over the scrap metal business; or

20 (B) Retain the check until the individual or nonprofit corporation to which the check was mailed
21 provides a valid address in accordance with subsection (1)(a)(C)(iv) or (4)(a)(B) of this section. If af-
22 ter 30 days following the date of the transaction or the purchase described in paragraph (d) of this
23 subsection the individual or nonprofit corporation fails to provide a valid address, the scrap metal
24 business may cancel the check and the individual or nonprofit corporation shall forfeit to the scrap
25 metal business the amount due as payment.

26 (3) If a scrap metal business obtains the approval of a law enforcement agency under subsection
27 (2)(e) of this section, the scrap metal business shall retain the written approval for one year fol-
28 lowing the date the approval is received.

29 (4) Before purchasing or receiving metal property from a commercial seller, a scrap metal busi-
30 ness shall:

31 (a) Create and maintain a commercial account with the commercial seller. As part of the com-
32 mercial account, the scrap metal business shall enter accurately, clearly and legibly in English onto
33 a standardized printed form, or an electronic form that is securely stored and is capable of ready
34 retrieval and printing, the following information:

35 (A) The full name of the commercial seller;

36 (B) The business address and telephone number of the commercial seller; and

37 (C) The full name of each employee, agent or other individual the commercial seller authorizes
38 to receive payment for metal property from the scrap metal business.

39 (b) Record as part of the commercial account at the time the scrap metal business purchases
40 or receives metal property from a commercial seller the following information:

41 (A) The time, date and location at which the commercial seller delivered the metal property for
42 purchase or receipt;

43 (B) The monetary amount or other value of the metal property;

44 (C) A description of the type of metal property that constitutes the predominant part of the
45 purchase or receipt; and

1 (D) The signature of the individual who delivered the metal property to the scrap metal busi-
 2 ness.

3 (5) A scrap metal business may require an individual from whom the business obtains metal
 4 property to provide the individual’s thumbprint to the scrap metal business.

5 (6) A scrap metal business shall make all records and accounts required to be maintained under
 6 this section available to any peace officer on demand.

7 (7)(a) Violation of this section is a specific fine violation, and the presumptive fine for the vio-
 8 lation is \$1,000.

9 (b) Notwithstanding paragraph (a) of this subsection, the presumptive fine for a violation of a
 10 provision of this section is \$5,000 if the scrap metal business has at least three previous convictions
 11 for violations of a provision of this section.

12 **SECTION 139.** ORS 165.805 is amended to read:

13 165.805. (1) A person commits the crime of misrepresentation of age by a minor if:

14 (a) Being less than a certain, specified age, the person knowingly purports to be of any age other
 15 than the true age of the person with the intent of securing a right, benefit or privilege which by law
 16 is denied to persons under that certain, specified age; or

17 (b) Being unmarried, the person knowingly represents that the person is married with the intent
 18 of securing a right, benefit or privilege which by law is denied to unmarried persons.

19 (2) Misrepresentation of age by a minor is a Class C misdemeanor.

20 (3) In addition to and not in lieu of any other penalty established by law, a person who, using
 21 a driver permit or license or other identification issued by the Department of Transportation of this
 22 state or its equivalent in another state, commits the crime of misrepresentation of age by a minor
 23 in order to purchase or consume alcoholic liquor may be required to perform community service and
 24 the court shall order that the person’s driving privileges and right to apply for driving privileges
 25 be suspended for a period not to exceed one year. If a court has issued an order suspending driving
 26 privileges under this section, the court, upon petition of the person, may withdraw the order at any
 27 time the court deems appropriate. The court notification to the department under this subsection
 28 may include a recommendation that the person be granted a hardship permit under ORS 807.240 if
 29 the person is otherwise eligible for the permit.

30 (4) The prohibitions of this section do not apply to any person acting under the direction of the
 31 Oregon Liquor [*Control*] **and Cannabis** Commission or a regulatory specialist or under the direction
 32 of state or local law enforcement agencies for the purpose of investigating possible violations of
 33 laws prohibiting sales of alcoholic beverages to persons who are under a certain, specified age.

34 (5) The prohibitions of this section do not apply to a person under the age of 21 years who is
 35 acting under the direction of a licensee for the purpose of investigating possible violations by em-
 36 ployees of the licensee of laws prohibiting sales of alcoholic beverages to persons who are under the
 37 age of 21 years.

38 **SECTION 140.** ORS 167.402 is amended to read:

39 167.402. (1) As used in this section, “vending machine” means a mechanical, electronic or similar
 40 device that, upon the insertion of tokens, money or another form of payment, dispenses tobacco
 41 products or inhalant delivery systems.

42 (2) A person may not sell or dispense tobacco products or inhalant delivery systems from a
 43 vending machine, except in an establishment where the premises are permanently and entirely off-
 44 limits to minors under rules adopted by the Oregon Liquor [*Control*] **and Cannabis** Commission.

45 (3) A person who violates this section commits a Class B violation. Each day that the person

1 commits the violation constitutes a separate offense.

2 **SECTION 141.** ORS 181A.010 is amended to read:

3 181A.010. As used in ORS 181A.010 to 181A.350, unless the context requires otherwise:

4 (1) “Criminal justice agency” means:

5 (a) The Governor;

6 (b) Courts of criminal jurisdiction;

7 (c) The Attorney General;

8 (d) District attorneys, city attorneys with criminal prosecutorial functions, attorney employees
9 of the office of public defense services and nonprofit public defender organizations established under
10 contract with the Public Defense Services Commission;

11 (e) Law enforcement agencies;

12 (f) The Department of Corrections;

13 (g) The Oregon Youth Authority;

14 (h) The State Board of Parole and Post-Prison Supervision;

15 (i) The Department of Public Safety Standards and Training;

16 (j) The enforcement division of the Oregon Liquor [Control] and Cannabis Commission in per-
17 forming duties related to investigating and enforcing the criminal laws of this state that the com-
18 mission is charged to enforce;

19 (k) Regional information systems that share programs to track, identify and remove cross-
20 jurisdictional criminal and terrorist conspiracies; and

21 (L) Any other state or local agency with law enforcement authority.

22 (2) “Criminal offender information” includes records and related data as to physical description
23 and vital statistics, fingerprints received and compiled for purposes of identifying criminal offenders
24 and alleged offenders, records of arrests and the nature and disposition of criminal charges, includ-
25 ing sentencing, confinement, parole and release.

26 (3) “Department” means the Department of State Police established under ORS 181A.015.

27 (4) “Deputy superintendent” means the Deputy Superintendent of State Police appointed under
28 ORS 181A.035.

29 (5) “Designated agency” means any state, county or municipal government agency where Oregon
30 criminal offender information is required to implement a federal or state statute, executive order
31 or administrative rule that expressly refers to criminal conduct and contains requirements or ex-
32 clusions expressly based on such conduct or for agency employment purposes, licensing purposes or
33 other demonstrated and legitimate needs when designated by order of the Governor.

34 (6) “Disposition report” means a form or process prescribed or furnished by the department,
35 containing a description of the ultimate action taken subsequent to an arrest.

36 (7) “Law enforcement agency” means:

37 (a) County sheriffs, municipal police departments, police departments established by a university
38 under ORS 352.121 or 353.125 and state police;

39 (b) Other police officers of this state or another state, including humane special agents as de-
40 fined in ORS 181A.345;

41 (c) A tribal government as defined in ORS 181A.680 that employs authorized tribal police officers
42 as defined in ORS 181A.680; and

43 (d) Law enforcement agencies of the federal government.

44 (8) “State police” means the sworn members of the state police force appointed under ORS
45 181A.050.

1 (9) "Superintendent" means the Superintendent of State Police appointed under ORS 181A.030.

2 **SECTION 142.** ORS 181A.265, as amended by section 40, chapter 117, Oregon Laws 2016, is
 3 amended to read:

4 181A.265. (1) The Department of State Police or another criminal justice agency that the State
 5 Chief Information Officer designates shall operate a Criminal Justice Information Standards program
 6 that coordinates information among state criminal justice agencies. The program must:

7 (a) Ensure that in developing new information systems, data can be retrieved to support evalu-
 8 ating criminal justice planning and programs, including, but not limited to, evaluating the ability
 9 of the programs to reduce future criminal conduct;

10 (b) Ensure that maximum effort is made for the safety of public safety officers;

11 (c) Establish methods and standards for data interchange and information access between crim-
 12 inal justice information systems, in compliance with information technology rules, policies and
 13 standards that the State Chief Information Officer adopts;

14 (d) Design and implement improved applications for exchange of agency information; and

15 (e) Implement the capability to exchange images between criminal justice agencies.

16 (2) The program shall develop a plan to accelerate data sharing and information integration
 17 among criminal justice agencies. The plan must include, but is not limited to including, priorities,
 18 timelines, development costs, resources needed, the projected ongoing cost of support, critical suc-
 19 cess factors and any known barriers to accomplishing the plan. The plan must align with and sup-
 20 port the Enterprise Information Resources Management Strategy described in ORS 291.039.
 21 Representatives of criminal justice agencies and public safety agencies, including but not limited to
 22 local law enforcement agencies, courts of criminal jurisdiction, district attorneys, city attorneys
 23 with criminal prosecutive functions, public defender organizations established under ORS chapter
 24 151, community corrections directors, jail managers and county juvenile departments, shall be in-
 25 vited to participate in the planning process. The program shall present the plan to the State Chief
 26 Information Officer no later than May 30 of each even-numbered year for development of the
 27 Governor's budget. The program shall submit the plan to the Joint Legislative Committee on Infor-
 28 mation Management and Technology no later than December 31 of each even-numbered year.

29 (3) Notwithstanding the meaning given "criminal justice agency" in ORS 181A.010, as used in
 30 this section and ORS 181A.270, "criminal justice agency" includes, but is not limited to:

31 (a) The Judicial Department;

32 (b) The Attorney General;

33 (c) The Department of Corrections;

34 (d) The Department of State Police;

35 (e) Any other state agency with law enforcement authority designated by order of the Governor;

36 (f) The Department of Transportation;

37 (g) The State Board of Parole and Post-Prison Supervision;

38 (h) The Department of Public Safety Standards and Training;

39 (i) The State Department of Fish and Wildlife;

40 (j) The Oregon Liquor [Control] and Cannabis Commission;

41 (k) The Oregon Youth Authority;

42 (L) The Youth Development Division; and

43 (m) A university that has established a police department under ORS 352.121 or 353.125.

44 **SECTION 143.** ORS 181A.275 is amended to read:

45 181A.275. (1) There is established a Criminal Justice Information Standards Advisory Board to

1 advise the Department of State Police or the criminal justice agency that the State Chief Informa-
 2 tion Officer designates under ORS 181A.265 (1) about the department's or the agency's duties under
 3 ORS 181A.265. The board consists of the following members:

- 4 (a) The State Court Administrator or the administrator's designee;
- 5 (b) The Director of the Department of Corrections or the director's designee;
- 6 (c) The Superintendent of State Police or the superintendent's designee;
- 7 (d) The executive director of the Oregon Criminal Justice Commission or the executive
 8 director's designee;
- 9 (e) The Director of Transportation or the director's designee;
- 10 (f) The chairperson of the State Board of Parole and Post-Prison Supervision or the
 11 chairperson's designee;
- 12 (g) The Director of the Department of Public Safety Standards and Training or the director's
 13 designee;
- 14 (h) A chief of police designated by the Oregon Association Chiefs of Police;
- 15 (i) A sheriff designated by the Oregon State Sheriffs' Association;
- 16 (j) A jail manager designated by the Oregon Sheriff's Jail Command Council;
- 17 (k) A county juvenile department director designated by the Oregon Juvenile Department
 18 Directors' Association;
- 19 (L) A community corrections agency director designated by the Oregon Association of Commu-
 20 nity Corrections Directors;
- 21 (m) A district attorney designated by the Oregon District Attorneys Association;
- 22 (n) The State Chief Information Officer or the State Chief Information Officer's designee;
- 23 (o) The Director of the Oregon Youth Authority or the director's designee;
- 24 (p) The State Fish and Wildlife Director or the director's designee;
- 25 (q) The administrator of the Oregon Liquor [*Control*] **and Cannabis** Commission or the
 26 administrator's designee; and
- 27 (r) The Youth Development Director or the director's designee.

28 (2) The board shall meet at such times and places as the board deems necessary.

29 (3) The members of the board are not entitled to compensation but are entitled to expenses as
 30 provided in ORS 292.495.

31 **SECTION 144.** ORS 181A.355 is amended to read:

32 181A.355. As used in ORS 181A.355 to 181A.670, unless the context requires otherwise:

- 33 (1) "Abuse" has the meaning given that term in ORS 107.705.
- 34 (2) "Board" means the Board on Public Safety Standards and Training appointed pursuant to
 35 ORS 181A.360.
- 36 (3) "Certified reserve officer" means a reserve officer who has been designated by a local law
 37 enforcement unit, has received training necessary for certification and has met the minimum stan-
 38 dards and training requirements established under ORS 181A.410.
- 39 (4) "Commissioned" means being authorized to perform various acts or duties of a police officer,
 40 certified reserve officer or reserve officer and acting under the supervision and responsibility of a
 41 county sheriff or as otherwise provided by law.
- 42 (5) "Corrections officer" means an officer or member employed full-time by a law enforcement
 43 unit who:
 - 44 (a) Is charged with and primarily performs the duty of custody, control or supervision of indi-
 45 viduals convicted of or arrested for a criminal offense and confined in a place of incarceration or

1 detention other than a place used exclusively for incarceration or detention of juveniles; or

2 (b) Has been certified as a corrections officer described in paragraph (a) of this subsection and
 3 has supervisory or management authority for corrections officers described in paragraph (a) of this
 4 subsection.

5 (6) “Department” means the Department of Public Safety Standards and Training.

6 (7) “Director” means the Director of the Department of Public Safety Standards and Training.

7 (8) “Domestic violence” means abuse between family or household members.

8 (9) “Emergency medical dispatcher” means a person who has responsibility to process requests
 9 for medical assistance from the public or to dispatch medical care providers.

10 (10) “Family or household members” has the meaning given that term in ORS 107.705.

11 (11) “Fire service professional” means a paid or volunteer firefighter, an officer or a member
 12 of a public or private fire protection agency that is engaged primarily in fire investigation, fire
 13 prevention, fire safety, fire control or fire suppression or providing emergency medical services, light
 14 and heavy rescue services, search and rescue services or hazardous materials incident response.
 15 “Fire service professional” does not mean forest fire protection agency personnel.

16 (12) “Law enforcement unit” means:

17 (a) A police force or organization of the state, a city, university that has established a police
 18 department under ORS 352.121 or 353.125, port, school district, mass transit district, county, county
 19 service district authorized to provide law enforcement services under ORS 451.010, tribal govern-
 20 ment as defined in ORS 181A.680 that employs authorized tribal police officers as defined in ORS
 21 181A.680, the Criminal Justice Division of the Department of Justice, the Department of Corrections,
 22 the Oregon State Lottery Commission, the Security and Emergency Preparedness Office of the Ju-
 23 dicial Department or common carrier railroad the primary duty of which, as prescribed by law, or-
 24 dinance or directive, is one or more of the following:

25 (A) Detecting crime and enforcing the criminal laws of this state or laws or ordinances relating
 26 to airport security;

27 (B) The custody, control or supervision of individuals convicted of or arrested for a criminal
 28 offense and confined to a place of incarceration or detention other than a place used exclusively for
 29 incarceration or detention of juveniles; or

30 (C) The control, supervision and reformation of adult offenders placed on parole or sentenced
 31 to probation and investigation of adult offenders on parole or probation or being considered for
 32 parole or probation;

33 (b) A police force or organization of a private entity with a population of more than 1,000 resi-
 34 dents in an unincorporated area the employees of which are commissioned by a county sheriff;

35 (c) A district attorney’s office;

36 (d) The Oregon Liquor [*Control*] **and Cannabis** Commission with regard to regulatory special-
 37 ists; or

38 (e) A humane investigation agency as defined in ORS 181A.340.

39 (13) “Parole and probation officer” means:

40 (a) An officer who is employed full-time by the Department of Corrections, a county or a court
 41 and who is charged with and performs the duty of:

42 (A) Community protection by controlling, investigating, supervising and providing or making
 43 referrals to reformative services for adult parolees or probationers or offenders on post-prison
 44 supervision; or

45 (B) Investigating adult offenders on parole or probation or being considered for parole or pro-

- 1 bation; or
- 2 (b) An officer who:
- 3 (A) Is certified and has been employed as a full-time parole and probation officer for more than
- 4 one year;
- 5 (B) Is employed part-time by the Department of Corrections, a county or a court; and
- 6 (C) Is charged with and performs the duty of:
- 7 (i) Community protection by controlling, investigating, supervising and providing or making re-
- 8 ferrals to reformative services for adult parolees or probationers or offenders on post-prison super-
- 9 vision; or
- 10 (ii) Investigating adult offenders on parole or probation or being considered for parole or proba-
- 11 tion.
- 12 (14) "Police officer" means:
- 13 (a) An officer, member or employee of a law enforcement unit employed full-time as a peace of-
- 14 ficer who is:
- 15 (A) Commissioned by a city, port, school district, mass transit district, county, county service
- 16 district authorized to provide law enforcement services under ORS 451.010, tribal government as
- 17 defined in ORS 181A.680, the Criminal Justice Division of the Department of Justice, the Oregon
- 18 State Lottery Commission, a university that has established a police department under ORS 352.121
- 19 or 353.125, the Governor or the Department of State Police; and
- 20 (B) Responsible for enforcing the criminal laws of this state or laws or ordinances relating to
- 21 airport security;
- 22 (b) An investigator of a district attorney's office if the investigator is or has been certified as
- 23 a peace officer in this or another state;
- 24 (c) A humane special agent commissioned under ORS 181A.340;
- 25 (d) A judicial marshal appointed under ORS 1.177 who is trained pursuant to ORS 181A.540; or
- 26 (e) An authorized tribal police officer as defined in ORS 181A.680.
- 27 (15) "Public or private safety agency" means a unit of state or local government, a special pur-
- 28 pose district or a private firm that provides, or has authority to provide, fire fighting, police, am-
- 29 bulance or emergency medical services.
- 30 (16) "Public safety personnel" and "public safety officer" include corrections officers, youth
- 31 correction officers, emergency medical dispatchers, parole and probation officers, police officers,
- 32 certified reserve officers, reserve officers, telecommunicators, regulatory specialists and fire service
- 33 professionals.
- 34 (17) "Regulatory specialist" has the meaning given that term in ORS 471.001.
- 35 (18) "Reserve officer" means an officer or member of a law enforcement unit who is:
- 36 (a) A volunteer or employed less than full-time as a peace officer commissioned by a city, port,
- 37 school district, mass transit district, county, county service district authorized to provide law
- 38 enforcement services under ORS 451.010, tribal government as defined in ORS 181A.680, the Crimi-
- 39 nal Justice Division of the Department of Justice, the Oregon State Lottery Commission, a univer-
- 40 sity that has established a police department under ORS 352.121 or 353.125, the Governor or the
- 41 Department of State Police;
- 42 (b) Armed with a firearm; and
- 43 (c) Responsible for enforcing the criminal laws and traffic laws of this state or laws or ordi-
- 44 nances relating to airport security.
- 45 (19) "Telecommunicator" means a person employed as an emergency communications worker as

1 defined in ORS 243.736 or a public safety dispatcher whose primary duties are receiving, processing
2 and transmitting public safety information received through the emergency communications system
3 as defined in ORS 403.105.

4 (20) "Youth correction officer" means an employee of the Oregon Youth Authority who is
5 charged with and primarily performs the duty of custody, control or supervision of youth offenders
6 confined in a youth correction facility.

7 **SECTION 145.** ORS 181A.550 is amended to read:

8 181A.550. (1) Except for a person who has requested and obtained an extension from the De-
9 partment of Public Safety Standards and Training under subsection (2) of this section, subject to
10 subsection (3) of this section the Oregon Liquor [Control] and Cannabis Commission may not employ
11 a person as a regulatory specialist for more than 18 months unless the person is a citizen of the
12 United States who has been certified under ORS 181A.410 as being qualified as a regulatory spe-
13 cialist and the certification has not:

14 (a) Lapsed; or

15 (b) Been revoked under ORS 181A.630, 181A.640 and 181A.650 (1) and not reissued under ORS
16 181A.630 (2).

17 (2) The department, upon the facts contained in an affidavit accompanying the request for ex-
18 tension, may find good cause for failure to obtain certification within the time period described in
19 subsection (1) of this section. If the department finds that there is good cause for the failure, the
20 department may extend for up to one year the period that a person may serve as a regulatory spe-
21 cialist without certification. The grant or denial of an extension is within the sole discretion of the
22 department.

23 (3) The citizenship requirement in subsection (1) of this section does not apply to a person em-
24 ployed as a regulatory specialist on March 16, 2012, who continues to serve as a regulatory spe-
25 cialist without a lapse under subsection (4) of this section.

26 (4) The certification of a regulatory specialist shall lapse after three or more consecutive months
27 of not being employed as a regulatory specialist unless the regulatory specialist is on leave from the
28 commission. Upon reemployment as a regulatory specialist, the person whose certification has lapsed
29 may apply to be certified under ORS 181A.355 to 181A.670.

30 (5) The commission shall pay the costs of training required for a regulatory specialist to be
31 certified by the department.

32 **SECTION 146.** ORS 181A.840 is amended to read:

33 181A.840. As used in ORS 181A.360, 181A.840 to 181A.891, 181A.895 and 181A.995:

34 (1) "Certification" means recognition by the Department of Public Safety Standards and Training
35 that a private security professional meets all of the qualifications listed in ORS 181A.855.

36 (2) "Executive manager" means a person:

37 (a) Who is authorized to act on behalf of a company or business in matters of licensure and
38 certification;

39 (b) Who is authorized to hire and terminate personnel;

40 (c) Whose primary responsibility is the management of certified private security professionals;
41 and

42 (d) Who has final responsibility for a company's or business's compliance with ORS 181A.840 to
43 181A.891.

44 (3) "Instructor" means any person who has been certified by the department as meeting the re-
45 quirements to provide instruction to private security providers or applicants.

1 (4) “License” means recognition by the department that an executive manager or supervisory
 2 manager meets the requirements adopted by the Board on Public Safety Standards and Training as
 3 necessary to provide private security services.

4 (5) “Primary responsibility” means an activity that is fundamental to, and required or expected
 5 in, the regular course of employment and is not merely incidental to employment.

6 (6) “Private security professional” means an individual who performs, as the individual’s primary
 7 responsibility, private security services for consideration, regardless of whether the individual, while
 8 performing the private security services, is armed or unarmed or wears a uniform or plain clothes,
 9 and regardless of whether the individual is employed part-time or full-time to perform private secu-
 10 rity services.

11 (7) “Private security provider” means any individual who performs the functions of a private
 12 security professional, executive manager, supervisory manager or instructor.

13 (8) “Private security services” means the performance of at least one of the following activities:

14 (a) Observing and reporting unlawful activity.

15 (b) Preventing or detecting theft or misappropriation of goods, money or other items of value.

16 (c) Protecting individuals or property, including but not limited to proprietary information, from
 17 harm or misappropriation.

18 (d) Controlling access to premises being protected or, with respect to a licensee of the Oregon
 19 Liquor [*Control*] **and Cannabis** Commission, controlling access to premises at an entry to the
 20 premises or any portion of the premises where minors are prohibited.

21 (e) Securely moving prisoners.

22 (f) Taking enforcement action by detaining persons or placing persons under arrest under ORS
 23 133.225.

24 (g) Providing canine services for guarding premises or for detecting unlawful devices or sub-
 25 stances.

26 (9) “Supervisory manager” means an employee of or a person supervised by an executive man-
 27 ager who has as a primary responsibility the supervision of certified private security professionals.

28 **SECTION 147.** ORS 181A.845 is amended to read:

29 181A.845. (1) ORS 181A.840 to 181A.891 do not apply to:

30 (a) A person certified by the Department of Public Safety Standards and Training as a police
 31 officer or a parole and probation officer.

32 (b) A law enforcement officer of the United States.

33 (c) An officer or employee of this state, Oregon Health and Science University established by
 34 ORS 353.020 or the United States while performing duties of the office or employment.

35 (d) A person appointed or commissioned by the Governor to perform law enforcement or security
 36 services.

37 (e) An attorney admitted to practice law in this state while engaged in the practice of law.

38 (f) An insurance adjuster licensed in this state while performing duties authorized by the license.

39 (g) A person who monitors alarm systems that are not designed to detect threats to public safety
 40 or personal well-being.

41 (h) A person while protecting the person’s property.

42 (i) A person who repairs and installs intrusion alarms while repairing or installing intrusion
 43 alarms.

44 (j) A person acting as an investigator as defined in ORS 703.401.

45 (k) A person performing crowd management or guest services, including, but not limited to, a

1 person described as a ticket taker, an usher, a parking attendant or event staff.

2 (L) A person who has a valid service permit issued by the Oregon Liquor [Control] and
 3 **Cannabis** Commission pursuant to ORS 471.360 and who is an employee of a licensee of the com-
 4 mission when the person is performing age verification and controlling access to premises of the
 5 licensee, if the person is not:

6 (A) Armed;

7 (B) Permitted to initiate confrontational activities, including physical contact and the confis-
 8 cation of property; or

9 (C) Hired with the primary responsibility of taking enforcement action as described in ORS
 10 181A.840 (8)(f).

11 (m) A person performing security services at a facility regulated by the United States Nuclear
 12 Regulatory Commission if the facility is operated by the person's employer.

13 (n) An individual while on active duty as a member of the armed services or while performing
 14 duties as a law enforcement officer.

15 (o) An employee of a financial institution who has been designated as a security officer for the
 16 financial institution pursuant to the Bank Protection Act of 1968 (12 U.S.C. 1881 et seq.) and regu-
 17 lations adopted under the act.

18 (p) A person who provides security services as a volunteer or for de minimis consideration other
 19 than money for an event operated for the benefit of a corporation that is organized not for profit
 20 pursuant to ORS chapter 65 or any predecessor of ORS chapter 65 or that is exempt from taxation
 21 under section 501(a) of the Internal Revenue Code as an organization described in section 501(c) of
 22 the Internal Revenue Code.

23 (q) A student enrolled in a community college as defined in ORS 341.005 while engaged in non-
 24 confrontational activities that contribute to campus safety under the direct or indirect supervision
 25 of a law enforcement professional or private security professional certified or licensed by the De-
 26 partment of Public Safety Standards and Training, provided the community college has conducted
 27 a criminal background check on the student.

28 (2) The exemption provided by subsection (1)(k) of this section applies only:

29 (a) To a person who is not:

30 (A) Armed;

31 (B) Permitted to initiate confrontational activities, including physical contact and the confis-
 32 cation of property; or

33 (C) Hired with the primary responsibility of taking enforcement action as described in ORS
 34 181A.840 (8)(f);

35 (b) If there is at least one person on-site who is certified or licensed under ORS 181A.870 for
 36 every 10 or fewer uncertified persons performing the services described in subsection (1)(k) of this
 37 section;

38 (c) If any enforcement action, as described in ORS 181A.840 (8)(f), other than incidental or
 39 temporary action, is taken by or under the supervision of a person certified or licensed under ORS
 40 181A.870; and

41 (d) During the time when a crowd has assembled for the purpose of attending or taking part in
 42 an organized event, including pre-event assembly, event operation hours and post-event departure
 43 activities.

44 (3) The exemption provided by subsection (1)(L) of this section does not apply during an organ-
 45 ized event that is on a scale substantially outside the ordinary course of the licensee's business.

1 **SECTION 148.** ORS 221.770 is amended to read:

2 221.770. (1) A share of certain revenues of this state shall be apportioned among and distributed
3 to the cities of this state for general purposes as provided in this section. A city shall not be in-
4 cluded in apportionments or receive distributions under this section for a fiscal year commencing
5 on July 1 unless the city:

6 (a) Elects to receive distributions under this section for the fiscal year by enactment of an or-
7 dinance or resolution expressing that election and filing a copy of that ordinance or resolution with
8 the Oregon Department of Administrative Services not later than July 31 of the fiscal year;

9 (b) Holds at least one public hearing, after adequate public notice, at which citizens have the
10 opportunity to provide written and oral comment to the authority responsible for approving the
11 proposed budget of the city for the fiscal year on the possible uses of the distributions, including
12 offset against property tax levies by the city for the fiscal year, and certifies its compliance with
13 this paragraph to the Oregon Department of Administrative Services not later than July 31 of the
14 fiscal year;

15 (c) Holds at least one public hearing, after adequate public notice, at which citizens have the
16 opportunity to provide written and oral comment to, and ask questions of, the authority responsible
17 for adopting the budget of the city for the fiscal year on the proposed use of the distributions in
18 relation to the entire budget of the city for the fiscal year, including possible offset of the distrib-
19 utions against property tax levies by the city for the fiscal year, and certifies its compliance with
20 this paragraph to the Oregon Department of Administrative Services not later than July 31 of the
21 fiscal year; and

22 (d) Levied a property tax for the year preceding the year in which revenue sharing is due under
23 ORS 471.810 and this section.

24 (2) Not later than 35 days after the last day of each calendar quarter ending March 31, June
25 30, September 30 and December 31, the Oregon Liquor [*Control*] **and Cannabis** Commission shall
26 determine the amount of the net revenue under ORS 471.805, received during the preceding calendar
27 quarter and shall certify that amount to the Oregon Department of Administrative Services.

28 (3) In addition to amounts otherwise apportioned to cities under ORS 471.810, not later than 20
29 days after the date the Oregon Department of Administrative Services receives a certification under
30 subsection (2) of this section, the department shall apportion among the cities of this state in the
31 manner provided in subsection (4) of this section an amount equal to 14 percent of the amount so
32 certified, and shall pay to each city the amount so apportioned to the city. Payments shall be made
33 from the Oregon Liquor [*Control*] **and Cannabis** Commission Account.

34 (4) The amount apportioned to each city under subsection (3) of this section shall be a percent-
35 age of the total amount to be apportioned among the cities determined by dividing the adjusted
36 population of the city by the sum of the adjusted populations of all cities. The adjusted population
37 of a city shall be determined by multiplying the city's population by the sum of:

38 (a) The city's local consolidated property taxes per capita divided by the average consolidated
39 property taxes per capita for all cities in the state; and

40 (b) The amount of state income per capita divided by the amount of city income per capita.

41 (5) The amount apportioned to each city shall be further limited to an amount no greater than
42 the amount of all property taxes levied by the city during the year previous to the year in which
43 distributions are made.

44 (6) For purposes of the formula set forth in subsection (4) of this section, "city population" is
45 the population of a city as last determined under ORS 190.510 to 190.590.

1 (7)(a) For purposes of the formula set forth in subsection (4) of this section, “local consolidated
 2 property taxes” has the meaning given in subsection (8) of this section, for a city divided by the
 3 population of the city as last determined under ORS 190.510 to 190.590.

4 (b) The Oregon Department of Administrative Services shall determine the amounts of property
 5 taxes for each city during the fiscal year closing on June 30 preceding the fiscal year commencing
 6 on July 1 for which calendar quarter apportionments are made, and that determination shall be used
 7 for each calendar quarter apportionment for that fiscal year commencing on July 1.

8 (8) For purposes of subsection (7) of this section “consolidated property taxes” are the total of
 9 all compulsory contributions in the form of ad valorem taxes on property located within a city levied
 10 during a one-year period by the city, a county, any school district and any special governmental
 11 district for public purposes and in amounts as compiled by the Department of Revenue on the basis
 12 of application of consolidated tax rates to assessor code area valuations.

13 (9) For purposes of the formula set forth in subsection (4) of this section, “income per capita”
 14 is the estimated average annual money income of residents of this state and of residents of each city
 15 of this state, respectively, based upon the latest information available from the most recent federal
 16 decennial census.

17 (10) A city receiving a distribution under this section may return all or any part of the distrib-
 18 ution to the Oregon Department of Administrative Services, which shall deposit the returned dis-
 19 tribution or part thereof in the General Fund to be available for payment of the general expenses
 20 of the state.

21 **SECTION 149.** ORS 221.785 is amended to read:

22 221.785. (1) Notwithstanding ORS 221.770, 323.455, 366.785 to 366.820 and 471.810, when a pro-
 23 ceeding challenging the validity of the incorporation of a city is commenced before a court or ad-
 24 ministrative agency of this state within two years after the incorporation, if the court or agency
 25 determines that the incorporation is invalid, moneys otherwise payable to the city under ORS
 26 221.770, 323.455, 366.785 to 366.820 and 471.810 shall not be distributed to the city, but shall be de-
 27 posited with the State Treasurer as provided in subsection (3) of this section.

28 (2) Not later than 30 days after the issuance of an order or judgment declaring the incorporation
 29 of a city invalid, the party challenging the incorporation shall send a certified copy of the order or
 30 judgment to the State Treasurer, Department of Transportation, Department of Revenue and the
 31 Oregon Liquor [*Control*] **and Cannabis** Commission.

32 (3) Upon receiving a certified copy of the order or judgment under subsection (2) of this section,
 33 the state officer or department having responsibility for the distribution of moneys under ORS
 34 221.770, 323.455, 366.785 to 366.820 and 471.810 shall deposit those moneys in an escrow account
 35 administered by the State Treasurer.

36 (4) Upon final determination of the validity of an incorporation by judgment rendered by the
 37 highest court in which a decision could be had, the moneys in the escrow account established under
 38 subsection (3) of this section shall be distributed as follows:

39 (a) If the incorporation is determined to be valid, to the city.

40 (b) If the incorporation is determined to be invalid, each city in this state shall receive such
 41 share of the moneys as its population bears to the total population of the cities of the state.

42 (5) The State Treasurer, upon receiving a certified copy of the judgment of the court which
 43 constitutes the final determination of the validity of the challenged incorporation shall distribute
 44 moneys in the escrow account as provided in subsection (4) of this section.

45 (6) The State Treasurer shall retain interest earned on moneys deposited in the escrow account

1 and shall distribute the interest in the same manner as other moneys in the account are distributed.

2 **SECTION 150.** ORS 238.005 is amended to read:

3 238.005. For purposes of this chapter:

4 (1) "Active member" means a member who is presently employed by a participating public em-
5 ployer in a qualifying position and who has completed the six-month period of service required by
6 ORS 238.015.

7 (2) "Annuity" means payments for life derived from contributions made by a member as provided
8 in this chapter.

9 (3) "Board" means the Public Employees Retirement Board.

10 (4) "Calendar year" means 12 calendar months commencing on January 1 and ending on De-
11 cember 31 following.

12 (5) "Continuous service" means service not interrupted for more than five years, except that
13 such continuous service shall be computed without regard to interruptions in the case of:

14 (a) An employee who had returned to the service of the employer as of January 1, 1945, and
15 who remained in that employment until having established membership in the Public Employees
16 Retirement System.

17 (b) An employee who was in the armed services on January 1, 1945, and returned to the service
18 of the employer within one year of the date of being otherwise than dishonorably discharged and
19 remained in that employment until having established membership in the Public Employees Retire-
20 ment System.

21 (6) "Creditable service" means any period of time during which an active member is being paid
22 a salary by a participating public employer and for which benefits under this chapter are funded by
23 employer contributions and earnings on the fund. For purposes of computing years of "creditable
24 service," full months and major fractions of a month shall be considered to be one-twelfth of a year
25 and shall be added to all full years. "Creditable service" includes all retirement credit received by
26 a member.

27 (7) "Earliest service retirement age" means the age attained by a member when the member
28 could first make application for retirement under the provisions of ORS 238.280.

29 (8) "Employee" includes, in addition to employees, public officers, but does not include:

30 (a) Persons engaged as independent contractors.

31 (b) Seasonal, emergency or casual workers whose periods of employment with any public em-
32 ployer or public employers do not total 600 hours in any calendar year.

33 (c) Persons provided sheltered employment or made-work by a public employer in an employment
34 or industries program maintained for the benefit of such persons.

35 (d) Persons employed and paid from federal funds received under a federal program intended
36 primarily to alleviate unemployment. However, any such person shall be considered an "employee"
37 if not otherwise excluded by paragraphs (a) to (c) of this subsection and the public employer elects
38 to have the person so considered by an irrevocable written notice to the board.

39 (e) Persons who are employees of a railroad, as defined in ORS 824.020, and who, as such em-
40 ployees, are included in a retirement plan under federal railroad retirement statutes. This paragraph
41 shall be deemed to have been in effect since the inception of the system.

42 (9) "Final average salary" means whichever of the following is greater:

43 (a) The average salary per calendar year paid by one or more participating public employers to
44 an employee who is an active member of the system in three of the calendar years of membership
45 before the effective date of retirement of the employee, in which three years the employee was paid

1 the highest salary. The three calendar years in which the employee was paid the largest total salary
 2 may include calendar years in which the employee was employed for less than a full calendar year.
 3 If the number of calendar years of active membership before the effective date of retirement of the
 4 employee is three or fewer, the final average salary for the employee is the average salary per cal-
 5 endar year paid by one or more participating public employers to the employee in all of those years,
 6 without regard to whether the employee was employed for the full calendar year.

7 (b) One-third of the total salary paid by a participating public employer to an employee who is
 8 an active member of the system in the last 36 calendar months of active membership before the ef-
 9 fective date of retirement of the employee.

10 (10) "Firefighter" does not include a volunteer firefighter, but does include:

11 (a) The State Fire Marshal, the chief deputy fire marshal and deputy state fire marshals; and

12 (b) An employee of the State Forestry Department who is certified by the State Forester as a
 13 professional wildland firefighter and whose primary duties include the abatement of uncontrolled
 14 fires as described in ORS 477.064.

15 (11) "Fiscal year" means 12 calendar months commencing on July 1 and ending on June 30 fol-
 16 lowing.

17 (12) "Fund" means the Public Employees Retirement Fund.

18 (13) "Inactive member" means a member who is not employed in a qualifying position, whose
 19 membership has not been terminated in the manner described by ORS 238.095 and who is not retired
 20 for service or disability.

21 (14) "Institution of higher education" means a public university listed in ORS 352.002, the
 22 Oregon Health and Science University and a community college, as defined in ORS 341.005.

23 (15) "Member" means a person who has established membership in the system and whose mem-
 24 bership has not been terminated as described in ORS 238.095. "Member" includes active, inactive
 25 and retired members.

26 (16) "Member account" means the regular account and the variable account.

27 (17) "Normal retirement age" means:

28 (a) For a person who establishes membership in the system before January 1, 1996, as described
 29 in ORS 238.430, 55 years of age if the employee retires at that age as a police officer or firefighter
 30 or 58 years of age if the employee retires at that age as other than a police officer or firefighter.

31 (b) For a person who establishes membership in the system on or after January 1, 1996, as de-
 32 scribed in ORS 238.430, 55 years of age if the employee retires at that age as a police officer or
 33 firefighter or 60 years of age if the employee retires at that age as other than a police officer or
 34 firefighter.

35 (18) "Pension" means annual payments for life derived from contributions by one or more public
 36 employers.

37 (19) "Police officer" includes:

38 (a) Employees of institutions defined in ORS 421.005 as Department of Corrections institutions
 39 whose duties, as assigned by the Director of the Department of Corrections, include the custody of
 40 persons committed to the custody of or transferred to the Department of Corrections and employees
 41 of the Department of Corrections who were classified as police officers on or before July 27, 1989,
 42 whether or not such classification was authorized by law.

43 (b) Employees of the Department of State Police who are classified as police officers by the
 44 Superintendent of State Police.

45 (c) Employees of the Oregon Liquor [Control] and Cannabis Commission who are classified as

1 regulatory specialists by the administrator of the commission.

2 (d) Sheriffs and those deputy sheriffs or other employees of a sheriff whose duties, as classified
3 by the sheriff, are the regular duties of police officers or corrections officers.

4 (e) Police chiefs and police personnel of a city who are classified as police officers by the
5 council or other governing body of the city.

6 (f) Police officers who are commissioned by a university under ORS 352.121 or 353.125 and who
7 are classified as police officers by the university.

8 (g) Parole and probation officers employed by the Department of Corrections, parole and pro-
9 bation officers who are transferred to county employment under ORS 423.549 and adult parole and
10 probation officers, as defined in ORS 181A.355, who are classified as police officers for the purposes
11 of this chapter by the county governing body. If a county classifies adult parole and probation offi-
12 cers as police officers for the purposes of this chapter, and the employees so classified are repres-
13 ented by a labor organization, any proposal by the county to change that classification or to cease
14 to classify adult parole and probation officers as police officers for the purposes of this chapter is
15 a mandatory subject of bargaining.

16 (h) Police officers appointed under ORS 276.021 or 276.023.

17 (i) Employees of the Port of Portland who are classified as airport police by the Board of Com-
18 missioners of the Port of Portland.

19 (j) Employees of the State Department of Agriculture who are classified as livestock police of-
20 ficers by the Director of Agriculture.

21 (k) Employees of the Department of Public Safety Standards and Training who are classified by
22 the department as other than secretarial or clerical personnel.

23 (L) Investigators of the Criminal Justice Division of the Department of Justice.

24 (m) Corrections officers as defined in ORS 181A.355.

25 (n) Employees of the Oregon State Lottery Commission who are classified by the Director of the
26 Oregon State Lottery as enforcement agents pursuant to ORS 461.110.

27 (o) The Director of the Department of Corrections.

28 (p) An employee who for seven consecutive years has been classified as a police officer as de-
29 fined by this section, and who is employed or transferred by the Department of Corrections to fill
30 a position designated by the Director of the Department of Corrections as being eligible for police
31 officer status.

32 (q) An employee of the Department of Corrections classified as a police officer on or prior to
33 July 27, 1989, whether or not that classification was authorized by law, as long as the employee
34 remains in the position held on July 27, 1989. The initial classification of an employee under a sys-
35 tem implemented pursuant to ORS 240.190 does not affect police officer status.

36 (r) Employees of a school district who are appointed and duly sworn members of a law
37 enforcement agency of the district as provided in ORS 332.531 or otherwise employed full-time as
38 police officers commissioned by the district.

39 (s) Employees at youth correction facilities and juvenile detention facilities under ORS 419A.050,
40 419A.052 and 420.005 to 420.915 who are required to hold valid Oregon teaching licenses and who
41 have supervisory, control or teaching responsibilities over juveniles committed to the custody of the
42 Department of Corrections or the Oregon Youth Authority.

43 (t) Employees at youth correction facilities as defined in ORS 420.005 whose primary job de-
44 scription involves the custody, control, treatment, investigation or supervision of juveniles placed
45 in such facilities.

1 (u) Employees of the Oregon Youth Authority who are classified as juvenile parole and pro-
 2 bation officers.

3 (v) Employees of the Department of Human Services who are prohibited from striking under ORS
 4 243.726 and whose duties include the care of residents of residential facilities, as defined in ORS
 5 443.400, that house individuals with intellectual or developmental disabilities.

6 (20) "Prior service credit" means credit provided under ORS 238.442 or under ORS 238.225 (2)
 7 to (6) (1999 Edition).

8 (21) "Public employer" means the state, one of its agencies, any city, county, or municipal or
 9 public corporation, any political subdivision of the state or any instrumentality thereof, or an agency
 10 created by one or more such governmental organizations to provide governmental services. For
 11 purposes of this chapter, such agency created by one or more governmental organizations is a gov-
 12 ernmental instrumentality and a legal entity with power to enter into contracts, hold property and
 13 sue and be sued.

14 (22) "Qualifying position" means one or more jobs with one or more participating public em-
 15 ployers in which an employee performs 600 or more hours of service in a calendar year, excluding
 16 any service in a job for which a participating public employer does not provide benefits under this
 17 chapter pursuant to an application made under ORS 238.035.

18 (23) "Regular account" means the account established for each active and inactive member un-
 19 der ORS 238.250.

20 (24) "Retired member" means a member who is retired for service or disability.

21 (25) "Retirement credit" means a period of time that is treated as creditable service for the
 22 purposes of this chapter.

23 (26)(a) "Salary" means the remuneration paid an employee in cash out of the funds of a public
 24 employer in return for services to the employer, plus the monetary value, as determined by the
 25 Public Employees Retirement Board, of whatever living quarters, board, lodging, fuel, laundry and
 26 other advantages the employer furnishes the employee in return for services.

27 (b) "Salary" includes but is not limited to:

28 (A) Payments of employee and employer money into a deferred compensation plan, which are
 29 deemed salary paid in each month of deferral;

30 (B) The amount of participation in a tax-sheltered or deferred annuity, which is deemed salary
 31 paid in each month of participation;

32 (C) Retroactive payments described in ORS 238.008; and

33 (D) Wages of a deceased member paid to a surviving spouse or dependent children under ORS
 34 652.190.

35 (c) "Salary" or "other advantages" does not include:

36 (A) Travel or any other expenses incidental to employer's business which is reimbursed by the
 37 employer;

38 (B) Payments for insurance coverage by an employer on behalf of employee or employee and
 39 dependents, for which the employee has no cash option;

40 (C) Payments made on account of an employee's death;

41 (D) Any lump sum payment for accumulated unused sick leave;

42 (E) Any accelerated payment of an employment contract for a future period or an advance
 43 against future wages;

44 (F) Any retirement incentive, retirement severance pay, retirement bonus or retirement
 45 gratuitous payment;

1 (G) Payments for periods of leave of absence after the date the employer and employee have
 2 agreed that no future services qualifying pursuant to ORS 238.015 (3) will be performed, except for
 3 sick leave and vacation;

4 (H) Payments for instructional services rendered to public universities listed in ORS 352.002 or
 5 the Oregon Health and Science University when such services are in excess of full-time employment
 6 subject to this chapter. A person employed under a contract for less than 12 months is subject to
 7 this subparagraph only for the months to which the contract pertains; or

8 (I) Payments made by an employer for insurance coverage provided to a domestic partner of an
 9 employee.

10 (27) "School year" means the period beginning July 1 and ending June 30 next following.

11 (28) "System" means the Public Employees Retirement System.

12 (29) "Variable account" means the account established for a member who participates in the
 13 Variable Annuity Account under ORS 238.260.

14 (30) "Vested" means being an active member of the system in each of five calendar years.

15 (31) "Volunteer firefighter" means a firefighter whose position normally requires less than 600
 16 hours of service per year.

17 **SECTION 151.** ORS 244.045 is amended to read:

18 244.045. (1) A person who has been a Public Utility Commissioner, the Director of the Depart-
 19 ment of Consumer and Business Services, the Administrator of the Division of Finance and Corpo-
 20 rate Securities, the Administrator of the Insurance Division, the Administrator of the Oregon Liquor
 21 [Control] and Cannabis Commission or the Director of the Oregon State Lottery shall not:

22 (a) Within one year after the public official ceases to hold the position become an employee of
 23 or receive any financial gain, other than reimbursement of expenses, from any private employer
 24 engaged in the activity, occupation or industry over which the former public official had authority;
 25 or

26 (b) Within two years after the public official ceases to hold the position:

27 (A) Be a lobbyist for or appear as a representative before the agency over which the person
 28 exercised authority as a public official;

29 (B) Influence or try to influence the actions of the agency; or

30 (C) Disclose any confidential information gained as a public official.

31 (2) A person who has been a Deputy Attorney General or an assistant attorney general shall
 32 not, within two years after the person ceases to hold the position, lobby or appear before an agency
 33 that the person represented while employed by the Department of Justice.

34 (3) A person who has been the State Treasurer or the Deputy State Treasurer shall not, within
 35 one year after ceasing to hold office:

36 (a) Accept employment from or be retained by any private entity with whom the office of the
 37 State Treasurer or the Oregon Investment Council negotiated or to whom either awarded a contract
 38 providing for payment by the state of at least \$25,000 in any single year during the term of office
 39 of the treasurer;

40 (b) Accept employment from or be retained by any private entity with whom the office of the
 41 State Treasurer or the Oregon Investment Council placed at least \$50,000 of investment moneys in
 42 any single year during the term of office of the treasurer; or

43 (c) Be a lobbyist for an investment institution, manager or consultant, or appear before the of-
 44 fice of the State Treasurer or Oregon Investment Council as a representative of an investment in-
 45 stitution, manager or consultant.

1 (4) A public official who as part of the official's duties invested public funds shall not within two
 2 years after the public official ceases to hold the position:

3 (a) Be a lobbyist or appear as a representative before the agency, board or commission for which
 4 the former public official invested public funds;

5 (b) Influence or try to influence the agency, board or commission; or

6 (c) Disclose any confidential information gained as a public official.

7 (5)(a) A person who has been a member of the Department of State Police, who has held a po-
 8 sition with the department with the responsibility for supervising, directing or administering pro-
 9 grams relating to gaming by a Native American tribe or the Oregon State Lottery and who has been
 10 designated by the Superintendent of State Police by rule shall not, within one year after the member
 11 of the Department of State Police ceases to hold the position:

12 (A) Accept employment from or be retained by or receive any financial gain related to gaming
 13 from the Oregon State Lottery or any Native American tribe;

14 (B) Accept employment from or be retained by or receive any financial gain from any private
 15 employer selling or offering to sell gaming products or services;

16 (C) Influence or try to influence the actions of the Department of State Police; or

17 (D) Disclose any confidential information gained as a member of the Department of State Police.

18 (b) This subsection does not apply to:

19 (A) Appointment or employment of a person as an Oregon State Lottery Commissioner or as a
 20 Tribal Gaming Commissioner or regulatory agent thereof;

21 (B) Contracting with the Oregon State Lottery as a lottery game retailer;

22 (C) Financial gain received from personal gaming activities conducted as a private citizen; or

23 (D) Subsequent employment in any capacity by the Department of State Police.

24 (c) As used in this subsection, "Native American tribe" means any recognized Native American
 25 tribe or band of tribes authorized by the Indian Gaming Regulatory Act of October 17, 1988 (Public
 26 Law 100-497), 25 U.S.C. 2701 et seq., to conduct gambling operations on tribal land.

27 (6) A person who has been a member of the Legislative Assembly may not receive money or any
 28 other consideration for lobbying as defined in ORS 171.725 performed during the period beginning
 29 on the date the person ceases to be a member of the Legislative Assembly and ending on the date
 30 of adjournment sine die of the next regular session of the Legislative Assembly that begins after the
 31 date the person ceases to be a member of the Legislative Assembly.

32 **SECTION 152.** ORS 244.050 is amended to read:

33 244.050. (1) On or before April 15 of each year the following persons shall file with the Oregon
 34 Government Ethics Commission a verified statement of economic interest as required under this
 35 chapter:

36 (a) The Governor, Secretary of State, State Treasurer, Attorney General, Commissioner of the
 37 Bureau of Labor and Industries, district attorneys and members of the Legislative Assembly.

38 (b) Any judicial officer, including justices of the peace and municipal judges, except any pro tem
 39 judicial officer who does not otherwise serve as a judicial officer.

40 (c) Any candidate for a public office designated in paragraph (a) or (b) of this subsection.

41 (d) The Deputy Attorney General.

42 (e) The Deputy Secretary of State.

43 (f) The Legislative Administrator, the Legislative Counsel, the Legislative Fiscal Officer, the
 44 Secretary of the Senate and the Chief Clerk of the House of Representatives.

45 (g) The president and vice presidents, or their administrative equivalents, in each public uni-

- 1 iversity listed in ORS 352.002.
- 2 (h) The following state officers:
- 3 (A) Adjutant General.
- 4 (B) Director of Agriculture.
- 5 (C) Manager of State Accident Insurance Fund Corporation.
- 6 (D) Water Resources Director.
- 7 (E) Director of Department of Environmental Quality.
- 8 (F) Director of Oregon Department of Administrative Services.
- 9 (G) State Fish and Wildlife Director.
- 10 (H) State Forester.
- 11 (I) State Geologist.
- 12 (J) Director of Human Services.
- 13 (K) Director of the Department of Consumer and Business Services.
- 14 (L) Director of the Department of State Lands.
- 15 (M) State Librarian.
- 16 (N) Administrator of Oregon Liquor [*Control*] **and Cannabis** Commission.
- 17 (O) Superintendent of State Police.
- 18 (P) Director of the Public Employees Retirement System.
- 19 (Q) Director of Department of Revenue.
- 20 (R) Director of Transportation.
- 21 (S) Public Utility Commissioner.
- 22 (T) Director of Veterans' Affairs.
- 23 (U) Executive director of Oregon Government Ethics Commission.
- 24 (V) Director of the State Department of Energy.
- 25 (W) Director and each assistant director of the Oregon State Lottery.
- 26 (X) Director of the Department of Corrections.
- 27 (Y) Director of the Oregon Department of Aviation.
- 28 (Z) Executive director of the Oregon Criminal Justice Commission.
- 29 (AA) Director of the Oregon Business Development Department.
- 30 (BB) Director of the Office of Emergency Management.
- 31 (CC) Director of the Employment Department.
- 32 (DD) Chief of staff for the Governor.
- 33 (EE) Administrator of the Office for Oregon Health Policy and Research.
- 34 (FF) Director of the Housing and Community Services Department.
- 35 (GG) State Court Administrator.
- 36 (HH) Director of the Department of Land Conservation and Development.
- 37 (II) Board chairperson of the Land Use Board of Appeals.
- 38 (JJ) State Marine Director.
- 39 (KK) Executive director of the Oregon Racing Commission.
- 40 (LL) State Parks and Recreation Director.
- 41 (MM) Public defense services executive director.
- 42 (NN) Chairperson of the Public Employees' Benefit Board.
- 43 (OO) Director of the Department of Public Safety Standards and Training.
- 44 (PP) Executive director of the Higher Education Coordinating Commission.
- 45 (QQ) Executive director of the Oregon Watershed Enhancement Board.

- 1 (RR) Director of the Oregon Youth Authority.
- 2 (SS) Director of the Oregon Health Authority.
- 3 (TT) Deputy Superintendent of Public Instruction.
- 4 (i) The First Partner, the legal counsel, the deputy legal counsel and all policy advisors within
- 5 the Governor's office.
- 6 (j) Every elected city or county official.
- 7 (k) Every member of a city or county planning, zoning or development commission.
- 8 (L) The chief executive officer of a city or county who performs the duties of manager or prin-
- 9 cipal administrator of the city or county.
- 10 (m) Members of local government boundary commissions formed under ORS 199.410 to 199.519.
- 11 (n) Every member of a governing body of a metropolitan service district and the auditor and
- 12 executive officer thereof.
- 13 (o) Each member of the board of directors of the State Accident Insurance Fund Corporation.
- 14 (p) The chief administrative officer and the financial officer of each common and union high
- 15 school district, education service district and community college district.
- 16 (q) Every member of the following state boards and commissions:
- 17 (A) Board of Geologic and Mineral Industries.
- 18 (B) Oregon Business Development Commission.
- 19 (C) State Board of Education.
- 20 (D) Environmental Quality Commission.
- 21 (E) Fish and Wildlife Commission of the State of Oregon.
- 22 (F) State Board of Forestry.
- 23 (G) Oregon Government Ethics Commission.
- 24 (H) Oregon Health Policy Board.
- 25 (I) Oregon Investment Council.
- 26 (J) Land Conservation and Development Commission.
- 27 (K) Oregon Liquor *[Control]* **and Cannabis** Commission.
- 28 (L) Oregon Short Term Fund Board.
- 29 (M) State Marine Board.
- 30 (N) Mass transit district boards.
- 31 (O) Energy Facility Siting Council.
- 32 (P) Board of Commissioners of the Port of Portland.
- 33 (Q) Employment Relations Board.
- 34 (R) Public Employees Retirement Board.
- 35 (S) Oregon Racing Commission.
- 36 (T) Oregon Transportation Commission.
- 37 (U) Water Resources Commission.
- 38 (V) Workers' Compensation Board.
- 39 (W) Oregon Facilities Authority.
- 40 (X) Oregon State Lottery Commission.
- 41 (Y) Pacific Northwest Electric Power and Conservation Planning Council.
- 42 (Z) Columbia River Gorge Commission.
- 43 (AA) Oregon Health and Science University Board of Directors.
- 44 (BB) Capitol Planning Commission.
- 45 (CC) Higher Education Coordinating Commission.

- 1 (DD) Oregon Growth Board.
 2 (EE) Early Learning Council.
 3 (r) The following officers of the State Treasurer:
 4 (A) Deputy State Treasurer.
 5 (B) Chief of staff for the office of the State Treasurer.
 6 (C) Director of the Investment Division.
 7 (s) Every member of the board of commissioners of a port governed by ORS 777.005 to 777.725
 8 or 777.915 to 777.953.
 9 (t) Every member of the board of directors of an authority created under ORS 441.525 to 441.595.
 10 (u) Every member of a governing board of a public university listed in ORS 352.002.
 11 (v) Every member of the board of directors of an authority created under ORS 465.600 to
 12 465.621.
- 13 (2) By April 15 next after the date an appointment takes effect, every appointed public official
 14 on a board or commission listed in subsection (1) of this section shall file with the Oregon Govern-
 15 ment Ethics Commission a statement of economic interest as required under ORS 244.060, 244.070
 16 and 244.090.
- 17 (3) By April 15 next after the filing deadline for the primary election, each candidate described
 18 in subsection (1) of this section shall file with the commission a statement of economic interest as
 19 required under ORS 244.060, 244.070 and 244.090.
- 20 (4) Within 30 days after the filing deadline for the general election, each candidate described in
 21 subsection (1) of this section who was not a candidate in the preceding primary election, or who
 22 was nominated for public office described in subsection (1) of this section at the preceding primary
 23 election by write-in votes, shall file with the commission a statement of economic interest as re-
 24 quired under ORS 244.060, 244.070 and 244.090.
- 25 (5) Subsections (1) to (4) of this section apply only to persons who are incumbent, elected or
 26 appointed public officials as of April 15 and to persons who are candidates on April 15. Subsections
 27 (1) to (4) of this section also apply to persons who do not become candidates until 30 days after the
 28 filing deadline for the statewide general election.
- 29 (6) If a statement required to be filed under this section has not been received by the commis-
 30 sion within five days after the date the statement is due, the commission shall notify the public of-
 31 ficial or candidate and give the public official or candidate not less than 15 days to comply with the
 32 requirements of this section. If the public official or candidate fails to comply by the date set by the
 33 commission, the commission may impose a civil penalty as provided in ORS 244.350.
- 34 **SECTION 153.** ORS 244.050, as amended by section 10, chapter 88, Oregon Laws 2016, is
 35 amended to read:
- 36 244.050. (1) On or before April 15 of each year the following persons shall file with the Oregon
 37 Government Ethics Commission a verified statement of economic interest as required under this
 38 chapter:
- 39 (a) The Governor, Secretary of State, State Treasurer, Attorney General, Commissioner of the
 40 Bureau of Labor and Industries, district attorneys and members of the Legislative Assembly.
 41 (b) Any judicial officer, including justices of the peace and municipal judges, except any pro tem
 42 judicial officer who does not otherwise serve as a judicial officer.
 43 (c) Any candidate for a public office designated in paragraph (a) or (b) of this subsection.
 44 (d) The Deputy Attorney General.
 45 (e) The Deputy Secretary of State.

1 (f) The Legislative Administrator, the Legislative Counsel, the Legislative Fiscal Officer, the
 2 Legislative Policy and Research Director, the Secretary of the Senate and the Chief Clerk of the
 3 House of Representatives.

4 (g) The president and vice presidents, or their administrative equivalents, in each public uni-
 5 versity listed in ORS 352.002.

6 (h) The following state officers:

7 (A) Adjutant General.

8 (B) Director of Agriculture.

9 (C) Manager of State Accident Insurance Fund Corporation.

10 (D) Water Resources Director.

11 (E) Director of Department of Environmental Quality.

12 (F) Director of Oregon Department of Administrative Services.

13 (G) State Fish and Wildlife Director.

14 (H) State Forester.

15 (I) State Geologist.

16 (J) Director of Human Services.

17 (K) Director of the Department of Consumer and Business Services.

18 (L) Director of the Department of State Lands.

19 (M) State Librarian.

20 (N) Administrator of Oregon Liquor [*Control*] **and Cannabis** Commission.

21 (O) Superintendent of State Police.

22 (P) Director of the Public Employees Retirement System.

23 (Q) Director of Department of Revenue.

24 (R) Director of Transportation.

25 (S) Public Utility Commissioner.

26 (T) Director of Veterans' Affairs.

27 (U) Executive director of Oregon Government Ethics Commission.

28 (V) Director of the State Department of Energy.

29 (W) Director and each assistant director of the Oregon State Lottery.

30 (X) Director of the Department of Corrections.

31 (Y) Director of the Oregon Department of Aviation.

32 (Z) Executive director of the Oregon Criminal Justice Commission.

33 (AA) Director of the Oregon Business Development Department.

34 (BB) Director of the Office of Emergency Management.

35 (CC) Director of the Employment Department.

36 (DD) Chief of staff for the Governor.

37 (EE) Administrator of the Office for Oregon Health Policy and Research.

38 (FF) Director of the Housing and Community Services Department.

39 (GG) State Court Administrator.

40 (HH) Director of the Department of Land Conservation and Development.

41 (II) Board chairperson of the Land Use Board of Appeals.

42 (JJ) State Marine Director.

43 (KK) Executive director of the Oregon Racing Commission.

44 (LL) State Parks and Recreation Director.

45 (MM) Public defense services executive director.

- 1 (NN) Chairperson of the Public Employees' Benefit Board.
- 2 (OO) Director of the Department of Public Safety Standards and Training.
- 3 (PP) Executive director of the Higher Education Coordinating Commission.
- 4 (QQ) Executive director of the Oregon Watershed Enhancement Board.
- 5 (RR) Director of the Oregon Youth Authority.
- 6 (SS) Director of the Oregon Health Authority.
- 7 (TT) Deputy Superintendent of Public Instruction.
- 8 (i) The First Partner, the legal counsel, the deputy legal counsel and all policy advisors within
- 9 the Governor's office.
- 10 (j) Every elected city or county official.
- 11 (k) Every member of a city or county planning, zoning or development commission.
- 12 (L) The chief executive officer of a city or county who performs the duties of manager or prin-
- 13 cipal administrator of the city or county.
- 14 (m) Members of local government boundary commissions formed under ORS 199.410 to 199.519.
- 15 (n) Every member of a governing body of a metropolitan service district and the auditor and
- 16 executive officer thereof.
- 17 (o) Each member of the board of directors of the State Accident Insurance Fund Corporation.
- 18 (p) The chief administrative officer and the financial officer of each common and union high
- 19 school district, education service district and community college district.
- 20 (q) Every member of the following state boards and commissions:
- 21 (A) Board of Geologic and Mineral Industries.
- 22 (B) Oregon Business Development Commission.
- 23 (C) State Board of Education.
- 24 (D) Environmental Quality Commission.
- 25 (E) Fish and Wildlife Commission of the State of Oregon.
- 26 (F) State Board of Forestry.
- 27 (G) Oregon Government Ethics Commission.
- 28 (H) Oregon Health Policy Board.
- 29 (I) Oregon Investment Council.
- 30 (J) Land Conservation and Development Commission.
- 31 (K) Oregon Liquor [*Control*] **and Cannabis** Commission.
- 32 (L) Oregon Short Term Fund Board.
- 33 (M) State Marine Board.
- 34 (N) Mass transit district boards.
- 35 (O) Energy Facility Siting Council.
- 36 (P) Board of Commissioners of the Port of Portland.
- 37 (Q) Employment Relations Board.
- 38 (R) Public Employees Retirement Board.
- 39 (S) Oregon Racing Commission.
- 40 (T) Oregon Transportation Commission.
- 41 (U) Water Resources Commission.
- 42 (V) Workers' Compensation Board.
- 43 (W) Oregon Facilities Authority.
- 44 (X) Oregon State Lottery Commission.
- 45 (Y) Pacific Northwest Electric Power and Conservation Planning Council.

- 1 (Z) Columbia River Gorge Commission.
- 2 (AA) Oregon Health and Science University Board of Directors.
- 3 (BB) Capitol Planning Commission.
- 4 (CC) Higher Education Coordinating Commission.
- 5 (DD) Oregon Growth Board.
- 6 (EE) Early Learning Council.
- 7 (r) The following officers of the State Treasurer:
- 8 (A) Deputy State Treasurer.
- 9 (B) Chief of staff for the office of the State Treasurer.
- 10 (C) Director of the Investment Division.
- 11 (s) Every member of the board of commissioners of a port governed by ORS 777.005 to 777.725
- 12 or 777.915 to 777.953.
- 13 (t) Every member of the board of directors of an authority created under ORS 441.525 to 441.595.
- 14 (u) Every member of a governing board of a public university listed in ORS 352.002.
- 15 (v) Every member of the board of directors of an authority created under ORS 465.600 to
- 16 465.621.
- 17 (2) By April 15 next after the date an appointment takes effect, every appointed public official
- 18 on a board or commission listed in subsection (1) of this section shall file with the Oregon Govern-
- 19 ment Ethics Commission a statement of economic interest as required under ORS 244.060, 244.070
- 20 and 244.090.
- 21 (3) By April 15 next after the filing deadline for the primary election, each candidate described
- 22 in subsection (1) of this section shall file with the commission a statement of economic interest as
- 23 required under ORS 244.060, 244.070 and 244.090.
- 24 (4) Within 30 days after the filing deadline for the general election, each candidate described in
- 25 subsection (1) of this section who was not a candidate in the preceding primary election, or who
- 26 was nominated for public office described in subsection (1) of this section at the preceding primary
- 27 election by write-in votes, shall file with the commission a statement of economic interest as re-
- 28 quired under ORS 244.060, 244.070 and 244.090.
- 29 (5) Subsections (1) to (4) of this section apply only to persons who are incumbent, elected or
- 30 appointed public officials as of April 15 and to persons who are candidates on April 15. Subsections
- 31 (1) to (4) of this section also apply to persons who do not become candidates until 30 days after the
- 32 filing deadline for the statewide general election.
- 33 (6) If a statement required to be filed under this section has not been received by the commis-
- 34 sion within five days after the date the statement is due, the commission shall notify the public of-
- 35 ficial or candidate and give the public official or candidate not less than 15 days to comply with the
- 36 requirements of this section. If the public official or candidate fails to comply by the date set by the
- 37 commission, the commission may impose a civil penalty as provided in ORS 244.350.
- 38 **SECTION 154.** ORS 279A.025 is amended to read:
- 39 279A.025. (1) Except as provided in subsections (2) to (4) of this section, the Public Contracting
- 40 Code applies to all public contracting.
- 41 (2) The Public Contracting Code does not apply to:
- 42 (a) Contracts between a contracting agency and:
- 43 (A) Another contracting agency;
- 44 (B) The Oregon Health and Science University;
- 45 (C) A public university listed in ORS 352.002;

- 1 (D) The Oregon State Bar;
- 2 (E) A governmental body of another state;
- 3 (F) The federal government;
- 4 (G) An American Indian tribe or an agency of an American Indian tribe;
- 5 (H) A nation, or a governmental body in a nation, other than the United States; or
- 6 (I) An intergovernmental entity formed between or among:
 - 7 (i) Governmental bodies of this or another state;
 - 8 (ii) The federal government;
 - 9 (iii) An American Indian tribe or an agency of an American Indian tribe;
 - 10 (iv) A nation other than the United States; or
 - 11 (v) A governmental body in a nation other than the United States;
- 12 (b) Agreements authorized by ORS chapter 190 or by a statute, charter provision, ordinance or
- 13 other authority for establishing agreements between or among governmental bodies or agencies or
- 14 tribal governing bodies or agencies;
- 15 (c) Insurance and service contracts as provided for under ORS 414.115, 414.125, 414.135 and
- 16 414.145 for purposes of source selection;
- 17 (d) Grants;
- 18 (e) Contracts for professional or expert witnesses or consultants to provide services or testimony
- 19 relating to existing or potential litigation or legal matters in which a public body is or may become
- 20 interested;
- 21 (f) Acquisitions or disposals of real property or interest in real property;
- 22 (g) Sole-source expenditures when rates are set by law or ordinance for purposes of source se-
- 23 lection;
- 24 (h) Contracts for the procurement or distribution of textbooks;
- 25 (i) Procurements by a contracting agency from an Oregon Corrections Enterprises program;
- 26 (j) The procurement, transportation or distribution of distilled liquor, as defined in ORS 471.001,
- 27 or the appointment of agents under ORS 471.750 by the Oregon Liquor [*Control*] **and Cannabis**
- 28 **Commission**;
- 29 (k) Contracts entered into under ORS chapter 180 between the Attorney General and private
- 30 counsel or special legal assistants;
- 31 (L) Contracts for the sale of timber from lands owned or managed by the State Board of Forestry
- 32 and the State Forestry Department;
- 33 (m) Contracts for activities necessary or convenient for the sale of timber under paragraph (L)
- 34 of this subsection, either separately from or in conjunction with contracts for the sale of timber,
- 35 including but not limited to activities such as timber harvesting and sorting, transporting, gravel
- 36 pit development or operation, and road construction, maintenance or improvement;
- 37 (n) Contracts for forest protection or forest related activities, as described in ORS 477.406, by
- 38 the State Forester or the State Board of Forestry;
- 39 (o) Contracts entered into by the Housing and Community Services Department in exercising the
- 40 department's duties prescribed in ORS chapters 456 and 458, except that the department's public
- 41 contracting for goods and services is subject to ORS chapter 279B;
- 42 (p) Contracts entered into by the State Treasurer in exercising the powers of that office pre-
- 43 scribed in ORS 178.010 to 178.100 and ORS chapters 286A, 287A, 289, 293, 294 and 295, including
- 44 but not limited to investment contracts and agreements, banking services, clearing house services
- 45 and collateralization agreements, bond documents, certificates of participation and other debt re-

1 payment agreements, and any associated contracts, agreements and documents, regardless of
 2 whether the obligations that the contracts, agreements or documents establish are general, special
 3 or limited, except that the State Treasurer's public contracting for goods and services is subject to
 4 ORS chapter 279B;

5 (q) Contracts, agreements or other documents entered into, issued or established in connection
 6 with:

7 (A) The issuance of obligations, as defined in ORS 286A.100 and 287A.310, of a public body;

8 (B) The making of program loans and similar extensions or advances of funds, aid or assistance
 9 by a public body to a public or private body for the purpose of carrying out, promoting or sustaining
 10 activities or programs authorized by law; or

11 (C) The investment of funds by a public body as authorized by law, and other financial trans-
 12 actions of a public body that by their character cannot practically be established under the com-
 13 petitive contractor selection procedures of ORS 279B.050 to 279B.085;

14 (r) Contracts for employee benefit plans as provided in ORS 243.105 (1), 243.125 (4), 243.221,
 15 243.275, 243.291, 243.303 and 243.565;

16 (s) Contracts for employee benefit plans as provided in ORS 243.860 to 243.886; or

17 (t) Any other public contracting of a public body specifically exempted from the code by another
 18 provision of law.

19 (3) The Public Contracting Code does not apply to the contracting activities of:

20 (a) The Oregon State Lottery Commission;

21 (b) The legislative department;

22 (c) The judicial department;

23 (d) Semi-independent state agencies listed in ORS 182.454, except as provided in ORS 279.835 to
 24 279.855 and 279A.250 to 279A.290;

25 (e) Oregon Corrections Enterprises;

26 (f) The Oregon Film and Video Office, except as provided in ORS 279A.100 and 279A.250 to
 27 279A.290;

28 (g) The Travel Information Council, except as provided in ORS 279A.250 to 279A.290;

29 (h) The Oregon 529 Savings Network and the Oregon 529 Savings Board;

30 (i) The Oregon Innovation Council;

31 (j) The Oregon Utility Notification Center; or

32 (k) Any other public body specifically exempted from the code by another provision of law.

33 (4) ORS 279A.200 to 279A.225 and 279B.050 to 279B.085 do not apply to contracts made with
 34 qualified nonprofit agencies providing employment opportunities for individuals with disabilities un-
 35 der ORS 279.835 to 279.855.

36 **SECTION 155.** ORS 297.210 is amended to read:

37 297.210. (1)(a) The Secretary of State, as State Auditor, shall have the accounts and financial
 38 affairs of state departments, boards, commissions, institutions and state-aided institutions and agen-
 39 cies of the state reviewed or audited as the Secretary of State considers advisable or necessary.

40 (b) The Secretary of State, as State Auditor, may conduct performance audits of school districts
 41 and education service districts. For audits conducted under this paragraph:

42 (A) The Secretary of State shall identify by rule factors and standards by which the secretary
 43 will determine whether to initiate an audit as authorized under this paragraph or to enter into a
 44 contract with the Department of Education to conduct an audit as provided by ORS 327.141.

45 (B) Prior to initiating an audit, the Secretary of State shall:

1 (i) Give notice to the school district or the education service district of the secretary's intent
 2 to initiate the audit; and

3 (ii) Provide the school district or the education service district with the opportunity to provide
 4 to the secretary any information related to the subject of the audit.

5 (C) Following the review of any information provided under subparagraph (B) of this paragraph,
 6 the Secretary of State may:

7 (i) Decline to proceed with the audit; or

8 (ii) Cause the audit to be conducted.

9 (D) The Secretary of State may charge a school district or an education service district for a
 10 portion of the costs incurred for an audit authorized by this paragraph. Amounts charged as pro-
 11 vided by this subparagraph shall be in lieu of any amounts that may be charged as provided by ORS
 12 297.230.

13 (c) The Secretary of State, as State Auditor, may conduct audits of the use of fund transfers
 14 from the state to counties, including but not limited to transfers of video lottery revenues, state
 15 highway funds, cigarette tax revenues and Oregon Liquor [*Control*] **and Cannabis** Commission funds.

16 (d) The Secretary of State may subpoena witnesses, require the production of books and papers
 17 and rendering of reports in such manner and form as the Secretary of State requires and may do
 18 all things necessary to secure a full and thorough investigation.

19 (e) The Secretary of State shall report, in writing, to the Governor. The report shall include a
 20 copy of the report on each audit.

21 (f) In addition to the report described in paragraph (e) of this subsection, the Secretary of State
 22 shall provide a report to a school district board or the board of directors of an education service
 23 district following an audit conducted as provided by paragraph (b) of this subsection.

24 (2) The Secretary of State may audit or review any institution or department of the state gov-
 25 ernment at any time the executive head of the institution or department, for any reason, retires from
 26 the head's office or position. The secretary need not conduct an audit or review under this sub-
 27 section if:

28 (a) The institution or department has been the subject of an audit or review of financial controls
 29 within the six months immediately preceding the retirement of the executive head of the institution
 30 or department; or

31 (b) The secretary has not received a report within the 12 months immediately preceding the
 32 retirement of the executive head of the institution or department indicating that the executive head
 33 of the institution or department was unable or unwilling to follow state law, rules, policies or pro-
 34 cedures.

35 (3) The Secretary of State shall employ auditors upon such terms and for such compensation as
 36 the Secretary of State determines are advantageous and advisable.

37 (4) If a person fails to comply with any subpoena issued under subsection (1) of this section, a
 38 judge of the circuit court of any county, on application of the Secretary of State, shall compel obe-
 39 dience by proceedings for contempt as in the case of disobedience of the requirements of a subpoena
 40 issued from the circuit court.

41 (5) If the Secretary of State determines during the conduct of any activity authorized under this
 42 chapter that fraud or other criminal activity may be occurring or may have occurred, the secretary
 43 shall notify the appropriate federal, state or local law enforcement agency of the potential fraud or
 44 other criminal activity. This subsection applies regardless of the source of any moneys that are in-
 45 volved or may be involved in the fraud or other criminal activity.

SECTION 156. ORS 431A.183 is amended to read:

431A.183. (1) The Oregon Health Authority shall:

(a) Coordinate with law enforcement agencies to conduct random, unannounced inspections of wholesalers and retailers of tobacco products or inhalant delivery systems to ensure compliance with the laws of this state designed to discourage the use of tobacco products and inhalant delivery systems by minors, including ORS 163.575, 163.580, 167.400, 167.402 and 431A.175; and

(b) Submit a report describing:

(A) The activities carried out to enforce the laws listed in paragraph (a) of this subsection during the previous fiscal year;

(B) The extent of success achieved in reducing the availability of tobacco products and inhalant delivery systems to minors; and

(C) The strategies to be utilized for enforcing the laws listed in paragraph (a) of this subsection during the year following the report.

(2) The authority shall adopt rules concerning random inspections of places that distribute or sell tobacco products or inhalant delivery systems that are consistent with any federal law or regulation relating to the inspection of such places. The rules shall provide that inspections may take place:

(a) Only in areas open to the public;

(b) Only during the hours that tobacco products or inhalant delivery systems are distributed or sold; and

(c) No more frequently than once a month in any single establishment unless a compliance problem exists or is suspected.

(3) The Oregon Liquor [*Control*] **and Cannabis** Commission, pursuant to an agreement or otherwise, may assist the authority with the authority's duties under subsection (1)(a) of this section and the enforcement of ORS 431A.175.

SECTION 157. ORS 459.992 is amended to read:

459.992. (1) The following are Class A misdemeanors:

(a) Violation of rules or ordinances adopted under ORS 459.005 to 459.105 and 459.205 to 459.385.

(b) Violation of ORS 459.205.

(c) Violation of ORS 459.270.

(d) Violation of ORS 459A.080.

(e) Violation of ORS 459.272.

(2) Each day a violation referred to by subsection (1) of this section continues constitutes a separate offense. Such separate offenses may be joined in one indictment or complaint or information in several counts.

(3) Violation of ORS 459A.705, 459A.710, 459A.718 (5) or 459A.720 is a Class A misdemeanor.

(4) In addition to the penalty prescribed by subsection (3) of this section, the Oregon Liquor [*Control*] **and Cannabis** Commission or the State Department of Agriculture may revoke or suspend the license of any person who willfully violates ORS 459A.705, 459A.710, 459A.718 (5) or 459A.720, who is required by ORS chapter 471 or 635, respectively, to have a license.

SECTION 158. ORS 459A.700 is amended to read:

459A.700. As used in ORS 459.992 (3) and (4) and 459A.700 to 459A.740, unless the context requires otherwise:

(1) "Beverage" means a fluid described in ORS 459A.702.

(2) "Beverage container" means a container described in ORS 459A.702.

1 (3) "Commission" means the Oregon Liquor [*Control*] **and Cannabis** Commission.

2 (4) "Consumer" means every person who purchases a beverage in a beverage container for use
3 or consumption.

4 (5) "Dealer" means every person in this state who engages in the sale of beverages in beverage
5 containers to a consumer, or means a redemption center certified under ORS 459A.735.

6 (6) "Distributor" means every person who engages in the sale of beverages in beverage con-
7 tainers to a dealer in this state including any manufacturer who engages in such sales.

8 (7) "Importer" means any dealer or manufacturer who directly imports beverage containers into
9 this state.

10 (8) "In this state" means within the exterior limits of the State of Oregon and includes all ter-
11 ritory within these limits owned by or ceded to the United States of America.

12 (9) "Manufacturer" means every person bottling, canning or otherwise filling beverage contain-
13 ers for sale to distributors, importers or dealers.

14 (10) "Place of business of a dealer" means the location at which a dealer sells or offers for sale
15 beverages in beverage containers to consumers.

16 (11) "Use or consumption" includes the exercise of any right or power over a beverage incident
17 to the ownership thereof, other than the sale or the keeping or retention of a beverage for the
18 purposes of sale.

19 (12) "Water and flavored water" means any beverage identified through the use of letters, words
20 or symbols on its product label as a type of water.

21 **SECTION 159.** ORS 459A.702 is amended to read:

22 459A.702. (1) Except as provided in subsection (2) of this section, ORS 459A.700 to 459A.740
23 apply to any individual, separate, sealed glass, metal or plastic bottle or can, except for cartons, foil
24 pouches and drink boxes, that contains the following beverages, intended for human consumption
25 and in a quantity less than or equal to three fluid liters:

- 26 (a) Water and flavored water;
- 27 (b) Beer or other malt beverages; and
- 28 (c) Mineral waters, soda water and similar carbonated soft drinks.

29 (2) One year after the date on which the Oregon Liquor [*Control*] **and Cannabis** Commission
30 determines that at least 60 percent of the beverage containers returned for the refund value speci-
31 fied in ORS 459A.705 are returned statewide to redemption centers approved under ORS 459A.735,
32 or on January 1, 2018, whichever comes first, ORS 459A.700 to 459A.740 apply to any individual,
33 separate, sealed glass, metal or plastic bottle or can, except for cartons, foil pouches, drink boxes
34 and metal containers that require a tool to be opened, that contains:

35 (a) The following beverages, intended for human consumption and in a quantity less than or
36 equal to three fluid liters:

- 37 (A) Water and flavored water;
- 38 (B) Beer or other malt beverages; and
- 39 (C) Mineral waters, soda water and similar carbonated soft drinks.

40 (b) Any beverage other than those specified in paragraph (a) of this subsection that is intended
41 for human consumption and is in a quantity more than or equal to four fluid ounces and less than
42 or equal to one and one-half fluid liters, except distilled liquor, wine, dairy or plant-based milks,
43 infant formula and any other exemptions set forth in rule of the Oregon Liquor [*Control*] **and**
44 **Cannabis** Commission.

45 **SECTION 160.** ORS 459A.705 is amended to read:

1 459A.705. (1) Except as provided in subsections (2) and (3) of this section, every beverage con-
2 tainer sold or offered for sale in this state shall have a refund value of not less than five cents.

3 (2)(a) Every beverage container sold or offered for sale in this state shall have a refund value
4 of not less than 10 cents, beginning on the later of:

5 (A) Eight months after the Oregon Liquor [*Control*] **and Cannabis** Commission determines that,
6 in each of the two previous calendar years, the number of beverage containers returned for the re-
7 fund value specified in this section was less than 80 percent of the total number of beverage con-
8 tainers that were sold in this state; or

9 (B) January 1 of the calendar year following the determination by the commission described in
10 subparagraph (A) of this paragraph.

11 (b) The commission may not make a determination under this subsection before January 1, 2016.

12 (c) In making a determination under this subsection, the commission may not include the
13 beverage containers and beverages described in ORS 459A.702 (2)(b) before January 1, 2021.

14 (3) Every beverage container certified as provided in ORS 459A.725, sold or offered for sale in
15 this state, shall have a refund value of not less than two cents.

16 **SECTION 161.** ORS 459A.715 is amended to read:

17 459A.715. (1) A dealer may refuse to accept from any person, and a distributor or importer may
18 refuse to accept from a dealer, any empty beverage container that does not state thereon a refund
19 value as established by ORS 459A.705.

20 (2) A dealer may refuse to accept and to pay the refund value of:

21 (a) Empty beverage containers if the place of business of the dealer and the kind of empty
22 beverage containers are included in an order of the Oregon Liquor [*Control*] **and Cannabis** Com-
23 mission approving a redemption center under ORS 459A.735.

24 (b) Any beverage container visibly containing or contaminated by a substance other than water,
25 residue of the original contents or ordinary dust.

26 (c)(A) More than 144 individual beverage containers returned by any one person during one day,
27 if the dealer occupies a space of 5,000 or more square feet in a single area.

28 (B) More than 50 individual beverage containers returned by any one person during one day, if
29 the dealer occupies a space of less than 5,000 square feet in a single area.

30 (d) Any beverage container that is damaged to the extent that the brand appearing on the con-
31 tainer cannot be identified.

32 (3)(a) In order to refuse containers under subsection (2)(b), (c)(A) or (d) of this section, if a dealer
33 occupies a space of 5,000 or more square feet in a single area, the dealer must post in each area
34 where containers are received a clearly visible and legible sign containing the following information:

35 _____
36
37 NOTICE:

38
39 Oregon Law allows a dealer to refuse to accept:

40 1. Beverage containers visibly containing or contaminated by a substance other than water,
41 residue of the original contents or ordinary dust;

42 2. More than 144 individual beverage containers from any one person during one day; or

43 3. Beverage containers that are damaged to the extent that the brand appearing on the con-
44 tainer cannot be identified.

1
2 (b) In order to refuse containers under subsection (2)(b), (c)(B) or (d) of this section, if a dealer
3 occupies a space of less than 5,000 square feet in a single area, the dealer must post in each area
4 where containers are received a clearly visible and legible sign containing the following information:
5

6
7 NOTICE:
8

9 Oregon Law allows a dealer to refuse to accept:

- 10 1. Beverage containers visibly containing or contaminated by a substance other than water,
11 residue of the original contents or ordinary dust;
- 12 2. More than 50 individual beverage containers from any one person during one day; or
- 13 3. Beverage containers that are damaged to the extent that the brand appearing on the con-
14 tainer cannot be identified.

15
16
17 **SECTION 162.** ORS 459A.717 is amended to read:

18 459A.717. (1) The Oregon Liquor [*Control*] and Cannabis Commission may impose a civil penalty
19 of at least \$50, but not more than \$500, for a violation of any provision of ORS 459A.700 to 459A.740.
20 Each day a violation occurs constitutes a separate violation. The authority to impose a civil penalty
21 under this section is in addition to and not in lieu of the revocation and suspension authority under
22 ORS 459.992 (4) and the criminal penalty authorized by ORS 459.992.

23 (2) Notwithstanding subsection (1) of this section, if a dealer, as defined in ORS 459A.700, vio-
24 lates a provision of ORS 459A.738, the commission shall provide the dealer with written notice in-
25 forming the dealer of the violation and stating that the dealer may avoid civil penalty for the
26 violation by curing the violation within 60 days after issuance of the notice. If the dealer fails to
27 cure the violation within 60 days after issuance of the notice, the commission shall impose a civil
28 penalty of at least \$200 for the violation. Each day after the 60-day period that the dealer continues
29 to violate a provision of ORS 459A.738 is a separate offense subject to a separate civil penalty. The
30 commission is not required to provide the dealer with an opportunity to cure a continuing violation
31 before imposing a civil penalty for the continuing violation.

32 (3) Civil penalties under this section shall be imposed as provided in ORS 183.745.

33 (4) All penalties recovered under this section shall be paid into the State Treasury and credited
34 to the General Fund and are available for general governmental expenses.

35 **SECTION 163.** ORS 459A.718 is amended to read:

36 459A.718. (1) Two or more distributors or importers may establish a distributor cooperative for
37 the purposes of:

- 38 (a) Collecting the refund value of beverage containers specified in ORS 459A.705 from distribu-
39 tors or importers and refunding to dealers the amount the dealers paid for the refund value of empty
40 beverage containers;
- 41 (b) Paying the refund value specified in ORS 459A.705 for beverage containers sold in this state;
42 and
- 43 (c) Processing beverage containers sold in this state.

44 (2) A distributor cooperative established under this section must service a majority of the deal-
45 ers in this state.

1 (3) If a distributor cooperative is established, a dealer that uses the distributor cooperative to
2 redeem and process beverage containers sold in this state is not required to return beverage con-
3 tainers to a distributor or importer that does not participate in the distributor cooperative, provided
4 that the dealer or the distributor cooperative provides an accounting to the distributor or importer
5 of the beverage containers by brand and kind that were distributed by the distributor or importer
6 and subsequently redeemed by the dealer or distributor cooperative.

7 (4) Upon receipt of the accounting required by subsection (3) of this section, a distributor or
8 importer that does not participate in the distributor cooperative must pay the refund value of the
9 redeemed beverage containers specified in the accounting to the dealer or distributor cooperative
10 that provided the accounting.

11 (5)(a) For purposes of this subsection, beverage container return data is the number of beverage
12 containers returned for the refund value specified in ORS 459A.705 in Oregon during the calendar
13 year and the number of beverage containers that carry a refund value specified in ORS 459A.705
14 sold in Oregon during the calendar year, calculated separately.

15 (b) By July 1 of each calendar year, a distributor cooperative shall provide the Oregon Liquor
16 [Control] and Cannabis Commission with a report that lists, in aggregate form for all distributors
17 and importers that participate in the distributor cooperative, the previous calendar year's beverage
18 container return data, calculated separately for glass, metal and plastic beverage containers.

19 (c) By July 1 of each calendar year, a distributor or importer that does not participate in a
20 distributor cooperative shall provide the commission with a report that lists the distributor's or the
21 importer's beverage container return data for the previous calendar year, calculated separately for
22 glass, metal and plastic beverage containers.

23 (6)(a) By August 1 of each calendar year, using the beverage container return data provided in
24 subsection (5)(b) of this section, the Oregon Liquor [Control] and Cannabis Commission shall cal-
25 culate the previous calendar year's percentage of beverage containers returned for the refund value
26 specified in ORS 459A.705 for each distributor cooperative. The commission shall carry out the cal-
27 culation separately for glass, metal and plastic beverage containers and shall post the percentages
28 on the commission's website.

29 (b) By August 1 of each calendar year, using the beverage container return data provided in
30 subsection (5)(c) of this section, the commission shall calculate the previous calendar year's per-
31 centage of beverage containers returned for the refund value specified in ORS 459A.705 for each
32 distributor or importer that does not participate in a distributor cooperative. The commission shall
33 carry out the calculation separately for glass, metal and plastic beverage containers and shall post
34 the percentages on the commission's website.

35 (c) By August 1 of each calendar year, using the beverage container return data provided in
36 subsection (5)(b) and (c) of this section, the commission shall calculate the previous calendar year's
37 percentage of beverage containers returned for the refund value specified in ORS 459A.705 for all
38 distributors and importers in Oregon. The commission shall carry out the calculation for all
39 beverage containers, and separately for glass, metal and plastic beverage containers, and shall post
40 the percentages on the commission's website.

41 (d) Except for the percentages described in paragraphs (a) to (c) of this subsection or in a pro-
42 ceeding under ORS 459A.717 for a violation of subsection (5) of this section, the commission may
43 not disclose any information provided by a distributor, an importer or a distributor cooperative un-
44 der subsection (5) of this section.

45 (7)(a) In order to determine compliance with the provisions of subsection (5) of this section,

1 within six months of the date that the commission receives a report described in subsection (5)(b)
 2 and (c) of this section, the commission may review or audit the records of each reporting distributor
 3 cooperative, or each reporting distributor or importer that does not participate in a distributor co-
 4 operative.

5 (b)(A) If in the course of a review described in paragraph (a) of this subsection the commission
 6 determines that an audit of a distributor cooperative, distributor or importer is necessary, the
 7 commission shall require the distributor cooperative, distributor or importer to retain an independ-
 8 ent financial audit firm to determine the accuracy of information contained in the report. The dis-
 9 tributor cooperative, distributor or importer that is the subject of review shall pay the costs of the
 10 audit. The audit must be limited to the records described in paragraph (a) of this subsection.

11 (B) The commission shall adopt rules to carry out the provisions of this paragraph.

12 **SECTION 164.** ORS 459A.725 is amended to read:

13 459A.725. (1) To promote the use in this state of reusable beverage containers of uniform design,
 14 and to facilitate the return of containers to manufacturers for reuse as a beverage container, the
 15 Oregon Liquor [*Control*] and Cannabis Commission may certify beverage containers which satisfy
 16 the requirements of this section.

17 (2) A beverage container may be certified if:

18 (a) It is reusable as a beverage container by more than one manufacturer in the ordinary course
 19 of business; and

20 (b) More than one manufacturer will in the ordinary course of business accept the beverage
 21 container for reuse as a beverage container and pay the refund value of the container.

22 (3) The commission may by rule establish appropriate liquid capacities and shapes for beverage
 23 containers to be certified or decertified in accordance with the purposes set forth in subsection (1)
 24 of this section.

25 (4) A beverage container shall not be certified under this section if by reason of its shape or
 26 design, or by reason of words or symbols permanently inscribed thereon, whether by engraving,
 27 embossing, painting or other permanent method, it is reusable as a beverage container in the ordi-
 28 nary course of business only by a manufacturer of a beverage sold under a specific brand name.

29 **SECTION 165.** ORS 459A.730 is amended to read:

30 459A.730. (1) Unless an application for certification under ORS 459A.725 is denied by the Oregon
 31 Liquor [*Control*] and Cannabis Commission within 60 days after the filing of the application, the
 32 beverage container shall be deemed certified.

33 (2) The commission may review at any time certification of a beverage container. If after such
 34 review, with written notice and hearing afforded to the person who filed the application for certi-
 35 fication under ORS 459A.725, the commission determines the container is no longer qualified for
 36 certification, it shall withdraw certification.

37 (3) Withdrawal of certification shall be effective not less than 30 days after written notice to the
 38 person who filed the application for certification under ORS 459A.725 and to the manufacturers re-
 39 ferred to in ORS 459A.725 (2).

40 **SECTION 166.** ORS 459A.735 is amended to read:

41 459A.735. (1) To facilitate the return of empty beverage containers and to serve dealers of
 42 beverages, any person may establish a redemption center, subject to the approval of the Oregon
 43 Liquor [*Control*] and Cannabis Commission, at which any person may return empty beverage con-
 44 tainers and receive payment of the refund value of such beverage containers.

45 (2) Application for approval of a redemption center shall be filed with the commission. The ap-

1 plication shall state the name and address of the person responsible for the establishment and op-
 2 eration of the redemption center, the kind of beverage containers that will be accepted at the
 3 redemption center, the names and addresses of the dealers to be served by the redemption center
 4 and proposals for up to two convenience zones described in ORS 459A.738. The application shall
 5 include such additional information as the commission may require.

6 (3) The commission shall approve a redemption center if it finds the redemption center will
 7 provide a convenient service to persons for the return of empty beverage containers. The order of
 8 the commission approving a redemption center shall state:

9 (a) The location of the convenience zones specified by the commission under ORS 459A.738 (1);

10 (b) The dealers within the convenience zones to be served by the redemption center;

11 (c) The dealers within the convenience zones not to be served by or not participating in the
 12 redemption center;

13 (d) The services to be provided by the redemption center and the equivalent services required
 14 to be provided under ORS 459A.738 (5) by a dealer that does not participate in, and is not served
 15 by, the redemption center;

16 (e) The kind of empty beverage containers that the redemption center must accept; and

17 (f) Such other provisions to ensure the redemption center will provide a convenient service to
 18 the public as the commission may determine.

19 (4)(a) No later than five days after approving a redemption center under subsection (3) of this
 20 section, the commission shall provide written notice to each dealer that is identified in the order
 21 approving the redemption center as a dealer within the convenience zones not to be served by or
 22 not participating in the redemption center.

23 (b) The notice required under this subsection shall include:

24 (A) All information required to be in the order approving the redemption center under sub-
 25 section (3) of this section; and

26 (B) Notice of the provisions of ORS 459A.738 that are applicable to the dealer receiving the
 27 notice.

28 (5) The commission may review at any time approval of a redemption center. After written no-
 29 tice to the person responsible for the establishment and operation of the redemption center, and to
 30 the dealers served by the redemption center, the commission may, after hearing, withdraw approval
 31 of a redemption center if the commission finds there has not been compliance with its order ap-
 32 proving the redemption center, or if the redemption center no longer provides a convenient service
 33 to the public.

34 **SECTION 167.** ORS 459A.737 is amended to read:

35 459A.737. (1) Pursuant to the provisions of ORS 459A.735, the Oregon Liquor [Control] **and**
 36 **Cannabis** Commission:

37 (a) Shall approve one beverage container redemption center in a city having a population of less
 38 than 300,000, operated by a distributor cooperative serving a majority of the dealers in this state;
 39 and

40 (b) May approve one or more additional beverage container redemption centers.

41 (2) Notwithstanding any other provision of ORS 459A.700 to 459A.740, a beverage container re-
 42 demption center:

43 (a) May not refuse to accept and to pay the refund value of up to 350 individual empty beverage
 44 containers, as established by ORS 459A.705, returned by any one person during one day;

45 (b) Must provide hand counting of up to 50 individual empty beverage containers returned by

1 any one person during one day for the refund value established by ORS 459A.705;

2 (c) May provide drop off service for at least 125 individual empty beverage containers returned
3 by any one person during one day for the refund value established by ORS 459A.705, and may pro-
4 vide an accounting mechanism by which the person may redeem the refund value of the beverage
5 containers at a later date; and

6 (d) May provide other services as determined necessary by the person responsible for the oper-
7 ation of the beverage container redemption center.

8 (3) The commission may adopt all rules necessary to implement and administer the provisions
9 of this section and ORS 459A.738.

10 **SECTION 168.** ORS 459A.738 is amended to read:

11 459A.738. (1) For each beverage container redemption center, the Oregon Liquor [*Control*] **and**
12 **Cannabis** Commission shall specify up to two convenience zones. The first convenience zone shall
13 be the sector within a radius of not more than two miles around the beverage container redemption
14 center. The second convenience zone shall be the sector beginning at the border of the first con-
15 venience zone and continuing to a radius of not more than three and one-half miles around the
16 beverage container redemption center. The convenience zones shall be based to the greatest extent
17 practicable upon the proposals submitted as part of the application for approval of the redemption
18 center under ORS 459A.735.

19 (2) All dealers doing business within the first convenience zone that occupy a space of 5,000 or
20 more square feet in a single area may participate in, be served by and be charged the cost of par-
21 ticipation in the beverage container redemption center and, if such a dealer participates in, is served
22 by and pays the cost of participation in the redemption center, the dealer may, notwithstanding any
23 other provision of ORS 459A.700 to 459A.740, refuse to accept and to pay the refund value of empty
24 beverage containers.

25 (3) All dealers doing business within the second convenience zone that occupy a space of 5,000
26 or more square feet in a single area may participate in, be served by and be charged the cost of
27 participation in the beverage container redemption center and, if such a dealer participates in, is
28 served by and pays the cost of participation in the redemption center, the dealer may,
29 notwithstanding any other provision of ORS 459A.700 to 459A.740, refuse to accept and to pay the
30 refund value of more than 24 individual empty beverage containers returned by any one person
31 during one day.

32 (4) All dealers doing business within either convenience zone that occupy a space of less than
33 5,000 square feet in a single area may, notwithstanding any other provision of ORS 459A.700 to
34 459A.740, refuse to accept and to pay the refund value of more than 24 individual empty beverage
35 containers returned by any one person during one day.

36 (5)(a) Any dealer doing business in either convenience zone that occupies a space of 5,000 or
37 more square feet in a single area that does not participate in, and is not served by, the beverage
38 container redemption center may not refuse to accept and to pay the refund value of up to 350 in-
39 dividual empty beverage containers, as established by ORS 459A.705, returned by any one person
40 during one day and must, beginning on the date that the redemption center begins accepting
41 beverage containers, provide services equivalent to those provided by the redemption center under
42 ORS 459A.737 (2), including hand counting and drop off service.

43 (b) In addition to complying with the requirements specified in paragraph (a) of this subsection,
44 a dealer described in paragraph (a) of this subsection must:

45 (A) Post in each area where beverage containers are received a clearly visible and legible sign

1 that contains the list of services that must be provided by the dealer; and

2 (B) Provide two automated reverse vending machines capable of processing metal, plastic and
3 glass beverage containers, or one automated reverse vending machine capable of processing metal,
4 plastic and glass beverage containers for each 500,000 beverage containers sold by the dealer in the
5 previous calendar year, whichever is greater.

6 (c)(A) The provisions of paragraphs (a) and (b) of this subsection do not apply to a dealer de-
7 scribed in paragraph (a) of this subsection if the dealer sold fewer than 100,000 beverage containers
8 in the previous calendar year. To be eligible for the exemption under this paragraph, a dealer de-
9 scribed in paragraph (a) of this subsection must report to the commission the number of beverage
10 containers sold by the dealer in the previous calendar year.

11 (B) The report required under this paragraph must be submitted by a dealer:

12 (i) Except as provided in subsection (6) of this section, no later than 60 days after issuance of
13 the notice required under ORS 459A.735 (4); and

14 (ii) No later than January 1 of each calendar year following the year that the notice under ORS
15 459A.735 (4) was issued and for which the dealer intends to claim the exemption.

16 (d) The commission shall ensure compliance with this subsection by a dealer described in para-
17 graph (a) of this subsection that is not subject to an exemption under paragraph (c) of this sub-
18 section.

19 (6) A dealer that plans to begin doing business in either convenience zone after the date that
20 the beverage container redemption center associated with the convenience zone begins accepting
21 beverage containers shall, not less than 60 days prior to the date that the dealer begins doing
22 business:

23 (a) Provide notice to the commission explaining whether the dealer will or will not participate
24 in, be served by and pay the cost of participation in the redemption center; and

25 (b) If the dealer will not participate in the redemption center and will claim an exemption under
26 subsection (5)(c) of this section, provide documentation of compliance with the requirements for
27 nonparticipating dealers under this section and an estimate of the number of beverage containers
28 that the dealer expects to sell during the first calendar year that the dealer does business in the
29 convenience zone.

30 (7) The provisions of subsections (2) to (6) of this section do not apply to any dealer for which
31 the driving distance from the place of business of the dealer to the beverage container redemption
32 center, calculated using the shortest route, is more than two times the radius specified for the sec-
33 ond convenience zone or, if only one convenience zone is specified by the commission, two times the
34 radius specified for that convenience zone.

35 (8) Not more than 60 days after issuance of notice from the commission under ORS 459A.735 (4),
36 a dealer shall provide the commission with written documentation confirming compliance with each
37 of the requirements of this section that are applicable to the dealer receiving notice.

38 **SECTION 169.** ORS 459A.739 is amended to read:

39 459A.739. In addition to the authority granted under ORS 459.992, inspectors and investigators
40 employed by the Oregon Liquor [*Control*] **and Cannabis** Commission have authority to inspect any
41 space occupied by a dealer, as defined in ORS 459A.700, for compliance with ORS 459A.738.

42 **SECTION 170.** ORS 461.217 is amended to read:

43 461.217. (1) As used in this section, "video lottery game retailer" means a contractor under
44 contract with the Oregon State Lottery to place video lottery game terminals on premises author-
45 ized by the contract.

1 (2) A video lottery game terminal that offers a video lottery game authorized by the Director
2 of the Oregon State Lottery:

3 (a) May be placed for operation only in or on the premises of an establishment that has a con-
4 tract with the Oregon State Lottery as a video lottery game retailer.

5 (b) Must be within the control of an employee of the video lottery game retailer.

6 (c) May not be placed in any other business or location.

7 (3) A video lottery game terminal may be placed only on the premises of an establishment li-
8 censed by the Oregon Liquor [Control] and Cannabis Commission with a full on-premises sales li-
9 cense, a limited on-premises sales license or a brewery-public house license. A video lottery game
10 terminal may be placed only in that part of the premises that is posted by the Oregon Liquor
11 [Control] and Cannabis Commission as being closed to minors. In addition to the requirements of
12 this subsection, the director may by rule establish other criteria and conditions as the director de-
13 termines appropriate for the placement of video lottery game terminals in establishments.

14 (4) No more than six video lottery game terminals may be placed in or on premises described
15 in subsection (3) of this section.

16 (5) No more than 10 video lottery game terminals may be placed in or on the premises of a race
17 meet licensee licensed under ORS 462.020 that qualifies as a video lottery game retailer.

18 **SECTION 171.** ORS 471.001, as amended by section 19, chapter 24, Oregon Laws 2016, is
19 amended to read:

20 471.001. As used in this chapter and ORS chapter 473:

21 (1) “Alcoholic beverage” and “alcoholic liquor” mean any liquid or solid containing more than
22 one-half of one percent alcohol by volume and capable of being consumed by a human being.

23 (2) “Commercial establishment” means a place of business:

24 (a) Where food is cooked and served;

25 (b) That has kitchen facilities adequate for the preparation and serving of meals;

26 (c) That has dining facilities adequate for the serving and consumption of meals; and

27 (d) That:

28 (A) If not a for-profit private club, serves meals to the general public; or

29 (B) If a for-profit private club, serves meals to the club’s members and guests and complies with
30 any minimum membership and food service requirements established by Oregon Liquor [Control] and
31 Cannabis Commission rules.

32 (3) “Commission” means the Oregon Liquor [Control] and Cannabis Commission.

33 (4) “Distilled liquor” means any alcoholic beverage other than a wine, cider or malt beverage.
34 “Distilled liquor” includes distilled spirits.

35 (5) “Licensee” means any person holding a license issued under this chapter.

36 (6)(a) “Malt beverage” means an alcoholic beverage obtained by the fermentation of grain that
37 contains not more than 14 percent alcohol by volume.

38 (b) “Malt beverage” includes:

39 (A) Beer, ale, porter, stout and similar alcoholic beverages containing not more than 14 percent
40 alcohol by volume;

41 (B) Malt beverages containing six percent or less alcohol by volume and that contain at least
42 51 percent alcohol by volume obtained by the fermentation of grain, as long as not more than 49
43 percent of the beverage’s overall alcohol content is obtained from flavors and other added
44 nonbeverage ingredients containing alcohol; and

45 (C) Malt beverages containing more than six percent alcohol by volume that derive not more

1 than 1.5 percent of the beverage’s overall alcohol content by volume from flavors and other added
 2 nonbeverage ingredients containing alcohol.

3 (c) “Malt beverage” does not include cider or an alcoholic beverage obtained primarily by
 4 fermentation of rice, such as sake.

5 (7) “Manufacturer” means every person who produces, brews, ferments, manufactures or blends
 6 an alcoholic beverage within this state or who imports or causes to be imported into this state an
 7 alcoholic beverage for sale or distribution within the state.

8 (8) “Permittee” means a person holding a permit issued under ORS 471.360 to 471.390.

9 (9) “Premises” or “licensed premises” means a location licensed under this chapter and includes
 10 all enclosed areas at the location that are used in the business operated at the location, including
 11 offices, kitchens, rest rooms and storerooms, including all public and private areas where patrons
 12 are permitted to be present. “Premises” or “licensed premises” includes areas outside of a building
 13 that the commission has specifically designated as approved for alcoholic beverage service or con-
 14 sumption.

15 (10) “Regulatory specialist” means a full-time employee of the commission who is authorized to
 16 act as an agent of the commission in conducting inspections or investigations, making arrests and
 17 seizures, aiding in prosecutions for offenses, issuing citations for violations and otherwise enforcing
 18 this chapter, ORS 474.005 to 474.095, 474.115, 475B.010 to 475B.395, 475B.550 to 475B.590 and
 19 475B.600 to 475B.655, commission rules and any other statutes the commission considers related to
 20 regulating liquor, marijuana or marijuana-derived products.

21 (11) “Wine” means any fermented vinous liquor or fruit juice, or other fermented beverage fit
 22 for beverage purposes that is not a malt beverage, containing more than one-half of one percent of
 23 alcohol by volume and not more than 21 percent of alcohol by volume. “Wine” includes fortified
 24 wine. “Wine” does not include cider.

25 **SECTION 172.** ORS 471.038 is amended to read:

26 471.038. (1) Nonbeverage food products described in subsection (6) of this section may be sold
 27 at retail by any holder of a license issued by the Oregon Liquor *[Control]* **and Cannabis** Commission
 28 that authorizes the sale of alcoholic liquor at retail, or in any store operated by the commission
 29 under the provisions of ORS 471.750. Any nonbeverage food product containing more than one-half
 30 of one percent of alcohol by volume must be clearly labeled to reflect the alcohol content of the
 31 product and clearly labeled on the front of the package to indicate that the product may not be sold
 32 to persons under 21 years of age.

33 (2) Except as provided by this section, sales of nonbeverage food products described in sub-
 34 section (6) of this section are subject to all provisions of this chapter, including the prohibitions on
 35 sales to persons under 21 years of age and the prohibitions on sales to persons who are visibly
 36 intoxicated.

37 (3) Nonbeverage food products described in subsection (6) of this section may be imported,
 38 stored and distributed in this state without a license issued by the commission. Nonbeverage food
 39 products described in subsection (6) of this section are not subject to the privilege taxes imposed
 40 by ORS chapter 473.

41 (4) Manufacturers of nonbeverage food products described in subsection (6) of this section are
 42 not subject to the provisions of ORS 471.392 to 471.400, 471.485, 471.490 or 471.495 or any other
 43 provision of this chapter relating to manufacturers of alcoholic liquor. A manufacturer of
 44 nonbeverage food products described in subsection (6) of this section may sell and deliver the
 45 product directly to a licensee authorized under this section to sell the product at retail.

1 (5) The holder of a distillery license issued under ORS 471.230 who is also a manufacturer of
2 nonbeverage food products described in subsection (6) of this section may purchase distilled liquor
3 directly from other distilleries.

4 (6) The provisions of this section apply only to nonbeverage food products that contain not more
5 than five percent alcohol by weight or 10 percent alcohol by volume, whichever is greater.

6 **SECTION 173.** ORS 471.039 is amended to read:

7 471.039. (1) Notwithstanding any provision of this chapter, the Oregon Liquor [*Control*] **and**
8 **Cannabis** Commission may not require the owners, operators and employees of a cruise ship to have
9 a license or permit issued under the provisions of this chapter for the purpose of possessing, trans-
10 porting, storing, selling or serving alcoholic beverages that are described in subsection (3) of this
11 section.

12 (2) The provisions of ORS 471.740 do not apply to alcoholic beverages that are described in
13 subsection (3) of this section.

14 (3) The provisions of this section apply only to alcoholic beverages that are served aboard a
15 cruise ship and that are served solely for the purpose of onboard consumption by a cruise ship's
16 passengers, guests, officers and employees.

17 (4) For the purposes of this section, "cruise ship" means a marine vessel used primarily for
18 nonfishing purposes that is licensed to carry at least 500 passengers, provides overnight accommo-
19 dations for those passengers and operates on the rivers or waterways within the boundaries of the
20 State of Oregon, including docking and dry docking, fewer than 45 days during a calendar year.

21 **SECTION 174.** ORS 471.040 is amended to read:

22 471.040. (1) The Oregon Liquor [*Control*] **and Cannabis** Commission has the powers and duties
23 specified in this chapter and ORS 474.105 and 474.115, and also the powers necessary or proper to
24 enable it to carry out fully and effectually all the purposes of this chapter and ORS 474.105 and
25 474.115. It shall make such rules and regulations pertaining to natural and fortified wines as will
26 prevent the importation and sale in Oregon of blended, rectified, adulterated or low-quality wines.
27 The jurisdiction, supervision, powers and duties of the commission extend to any person who buys,
28 sells, manufactures, imports or transports any alcoholic liquor within this state. The commission
29 may sue and be sued.

30 (2) Except for the power to adopt rules, the commission may delegate any of the commission's
31 powers or duties to the administrator appointed under ORS 471.720.

32 **SECTION 175.** ORS 471.105 is amended to read:

33 471.105. Before being qualified to purchase alcoholic liquor from the Oregon Liquor [*Control*]
34 **and Cannabis** Commission, a person must be at least 21 years of age.

35 **SECTION 176.** ORS 471.115 is amended to read:

36 471.115. The Oregon Liquor [*Control*] **and Cannabis** Commission may limit the quantity of al-
37 coholic liquor purchased at any one time by any person. It may limit the amount of purchases within
38 any length of time so as effectually to prevent the resale of such liquors.

39 **SECTION 177.** ORS 471.130 is amended to read:

40 471.130. (1) All licensees and permittees of the Oregon Liquor [*Control*] **and Cannabis** Commis-
41 sion, before selling or serving alcoholic liquor to any person about whom there is any reasonable
42 doubt of the person's having reached 21 years of age, shall require such person to produce one of
43 the following pieces of identification:

44 (a) The person's passport.

45 (b) The person's motor vehicle operator's license, whether issued in this state or by any other

1 state, so long as the license has a picture of the person.

2 (c) An identification card issued under ORS 807.400.

3 (d) A United States military identification card.

4 (e) Any other identification card issued by a state that bears a picture of the person, the name
5 of the person, the person's date of birth and a physical description of the person.

6 (2) If a person does not have identification as described in subsection (1) of this section, the
7 permittee or licensee shall require such person to make a written statement of age and furnish ev-
8 idence of the person's true age and identity. The written statement of age shall be on a form fur-
9 nished or approved by the commission, including but not limited to the following information:

10 _____

11 _____

12 Date _____

13 I am 21 years of age or over. _____

14 Signature _____

15 Description of evidence in support of age and identity:

16 _____ Identification No. (if any) _____

17 _____ Identification No. (if any) _____

18 (Fill in information pertaining to any two or more pieces of evidence submitted by the person.)

19 I hereby certify that I have accurately recorded identification of the evidence submitted to
20 complete this form.

21 _____

22 Signature of permittee or licensee

23 ORS 165.805 provides as follows:

24 165.805. (1) A person commits the crime of misrepresentation of age by a minor if:

25 (a) Being less than a certain, specified age, the person knowingly purports to be of any age other
26 than the person's true age with the intent of securing a right, benefit or privilege which by law is
27 denied to persons under that certain, specified age; or

28 (b) (Not applicable.)

29 (2) Misrepresentation of age by a minor is a Class C misdemeanor.

30 _____

31 _____

32 **SECTION 178.** ORS 471.155 is amended to read:

33 471.155. (1) The Oregon Liquor [*Control*] **and Cannabis** Commission shall provide for the li-
34 censing of persons and cities within the state to manufacture, distribute, take orders for and sell
35 spirits, wines, beer and other alcoholic liquors. Except as provided in subsection (2) of this section,
36 the holder of a brewery, winery, wholesale, warehouse, grower sales privilege or brewery-public
37 house license or the holder of a wine self-distribution permit shall give, and at all times maintain
38 on file with the commission, a bond with a corporate surety authorized to transact business in this
39 state. The bond shall be in form and amount acceptable to the commission, shall be payable to the
40 commission and conditioned that the licensee or permittee will pay any fine imposed for any vio-
41 lation of any provision of the Liquor Control Act and that the licensee or permittee will pay all li-
42 cense fees, privilege taxes, taxes imposed under ORS 473.045 and other taxes on alcoholic liquors,
43 together with penalties and interest thereon, levied or assessed against the licensee or permittee
44 under statutes relating to the importation, manufacture, distribution, sale or taxation of alcoholic
45 liquors in the State of Oregon.

1 (2) Under such conditions as the commission may prescribe, the holder of a brewery, winery,
2 wholesale, warehouse, grower sales privilege or brewery-public house license or the holder of a wine
3 self-distribution permit may deposit, in lieu of the bond required by subsection (1) of this section, the
4 equivalent value in cash, bank letters of credit recognized by the State Treasurer or negotiable se-
5 curities of a character approved by the State Treasurer. The deposit is to be made in a bank or trust
6 company for the benefit of the commission. Interest on deposited funds or securities shall accrue to
7 the depositor.

8 **SECTION 179.** ORS 471.157 is amended to read:

9 471.157. The licenses described in this chapter may be issued by the Oregon Liquor [*Control*]
10 **and Cannabis** Commission, subject to its regulations and restrictions and the provisions of the Li-
11 quor Control Act.

12 **SECTION 180.** ORS 471.159 is amended to read:

13 471.159. (1) The Oregon Liquor [*Control*] **and Cannabis** Commission may not license a location
14 that does not have defined boundaries.

15 (2) A licensed premises need not be enclosed by a wall, fence or other structure, but the com-
16 mission may require that any licensed premises be enclosed as a condition of issuing or renewing
17 a license.

18 (3) Except as provided in ORS 471.182, the commission may not license premises that are mobile.

19 **SECTION 181.** ORS 471.162 is amended to read:

20 471.162. (1) Hospitals, sanitariums, convalescent homes, rest homes, retirement homes and facil-
21 ities for the care of the elderly that have been licensed or registered by the state may sell and serve
22 alcoholic beverages to patients, inmates and residents, and to bona fide visitors and guests of pa-
23 tients, inmates and residents, without a license issued under this chapter. Facilities authorized to
24 sell and serve alcoholic beverages without a license under this subsection may not sell or serve al-
25 coholic beverages after 10 p.m. except upon a physician's prescription.

26 (2) A person who operates a private residence that is not a boarding house but that accommo-
27 dates transient guests for a limited duration may sell and serve wine, malt beverages and cider to
28 registered overnight guests without a license. Facilities authorized to sell and serve alcoholic
29 beverages without a license under this subsection must have six or fewer guest units.

30 (3) A person who is an employee or agent of the holder of a license issued under this chapter
31 that authorizes wholesale distribution of alcoholic beverages may, on behalf of the licensee, sell al-
32 coholic beverages in factory-sealed containers to retail licensees and wholesalers.

33 (4) A pharmacist licensed under the laws of this state may sell alcoholic beverages without a
34 license. Pharmacists may only sell alcoholic beverages under the provisions of this section if the
35 alcoholic beverages are drugs as defined in ORS 689.005. A pharmacist may sell alcoholic beverages
36 under the provisions of this subsection pursuant to a prescription, in containers of not more than
37 one quart capacity.

38 (5) A wine collector, or the agent of a wine collector, may sell wine in factory-sealed containers
39 at auction without a license. Any wine sold under this subsection must have been held by the col-
40 lector for at least a six-month period. A wine collector must receive written approval from the
41 Oregon Liquor [*Control*] **and Cannabis** Commission before conducting a sale under this subsection.
42 No more than one sale in a 12-month period may be conducted by a wine collector under the pro-
43 visions of this subsection.

44 (6) A nonprofit or charitable organization registered in this state may sell wine, malt beverages
45 and cider, and a total of not more than four liters of distilled liquor, in factory-sealed containers at

1 an auction or through a raffle without a license. The organization must receive written approval
2 from the commission before conducting an auction or raffle under this subsection. The organization
3 may conduct no more than one auction or raffle under this subsection in a 12-month period. The
4 auction or raffle may not have a duration of more than one day. The organization may sell under
5 this subsection wine, malt beverages, cider and distilled liquor purchased by or donated to the or-
6 ganization. The purchased or donated wine, malt beverages, cider and distilled liquor must be im-
7 ported into this state by the commission or be manufactured in or imported into this state under a
8 brewery, brewery-public house, distillery, grower sales privilege, winery or wholesale malt beverage
9 and wine license.

10 (7) A manufacturer may sell proprietary or patent medicines, perfumes, lotions, flavoring ex-
11 tracts, medicinal tinctures and other preparations unfit for beverage purposes without a license.

12 **SECTION 182.** ORS 471.166 is amended to read:

13 471.166. (1) The Oregon Liquor [*Control*] **and Cannabis** Commission may require that every ap-
14 plicant for issuance or renewal of a license under this chapter acquire a written recommendation
15 from the governing body of the county if the place of business of the applicant is outside an incor-
16 porated city, and from the city council if the place of business of the applicant is within an incor-
17 porated city. The commission may take such written recommendation into consideration before
18 granting or refusing the license.

19 (2) If the commission requires that an applicant for issuance of a new license acquire the written
20 recommendation of a local government, the applicant must give notice to the local government when
21 an application is made for issuance of the license. If the local government files a favorable recom-
22 mendation with the commission within 45 days after the notice is given, the commission shall pro-
23 ceed with consideration of the application. The commission shall proceed with consideration of the
24 application as though the local government had made a favorable recommendation unless, within 45
25 days after notice is given to the local government:

26 (a) The local government files an unfavorable recommendation with the commission with a
27 statement of the grounds for the unfavorable recommendation; or

28 (b) The local government files a request for additional time with the commission that sets forth
29 the reason additional time is needed by the local government, a statement that the local government
30 is considering making an unfavorable recommendation on the application, and the specific grounds
31 on which the local government is considering making an unfavorable recommendation.

32 (3) If the commission requires that an applicant for renewal of a license acquire the written
33 recommendation of a local government under this section, the commission shall give notice to the
34 local government when an application is due for renewal of the license. If the local government files
35 a favorable recommendation with the commission within 60 days after the notice is given, the com-
36 mission shall proceed with consideration of the application. The commission shall proceed with
37 consideration of the application as though the local government had made a favorable recommen-
38 dation unless within 60 days after notice is given to the local government:

39 (a) The local government files an unfavorable recommendation with the commission with a
40 statement of the grounds for the unfavorable recommendation; or

41 (b) The local government files a request for additional time with the commission that sets forth
42 the reason additional time is needed by the local government, a statement that the local government
43 is considering making an unfavorable recommendation on the application, and the specific grounds
44 on which the local government is considering making an unfavorable recommendation.

45 (4) The commission shall suspend consideration of an application subject to this section for a

1 reasonable period of time if a local government requests additional time under subsection (2)(b) or
 2 (3)(b) of this section and the grounds given by the local government are valid grounds for an unfa-
 3 vorable determination under this chapter or rules adopted by the commission. The commission shall
 4 by rule establish the period of time that shall be granted to a local government pursuant to a re-
 5 quest under subsections (2)(b) and (3)(b) of this section.

6 (5) The commission shall by rule establish valid grounds for unfavorable recommendations by
 7 local governments under this section. Valid grounds established by the commission under this sec-
 8 tion for an unfavorable recommendation by a local government must be limited to those grounds
 9 considered by the commission in making an unfavorable determination on a license application.

10 (6) A person filing an application for issuance or renewal of a license that is subject to this
 11 section must remit to the local government the fees established under subsections (7) and (8) of this
 12 section. The commission shall give notice to the applicant for license renewal of the amount of the
 13 fees and the name of the local government collecting the fees. The commission is not responsible for
 14 collecting the fees charged by the local government or for ensuring that the fees have been paid.
 15 An applicant for a license renewal shall certify in the application form filed with the commission
 16 that the applicant has paid any fees required under this section.

17 (7) An applicant required to seek a written recommendation from a local government must pay
 18 an application fee to the local government, in an amount determined by the governing body of the
 19 city or county, for each application for a license. The application fee established by a local gov-
 20 ernment under this subsection may not exceed \$25.

21 (8) After public notice and hearing, the governing body of a city or county may adopt an ordi-
 22 nance, rule or resolution prescribing licensing guidelines to be followed in making recommendations
 23 on license applications under this chapter and in allowing opportunity for public comment on ap-
 24 plications. If the guidelines are approved by the commission as consistent with commission rules,
 25 after public notice and hearing the governing body may adopt an ordinance, rule or regulation es-
 26 tablishing a system of fees that is reasonable and necessary to pay expenses of processing the
 27 written recommendation. Processing fees under this subsection are in lieu of fees under subsection
 28 (7) of this section. In no case shall the processing fee under this subsection be greater than \$100 for
 29 an original application, \$75 for a change in ownership, change in location or change in privilege
 30 application, and \$35 for a renewal or temporary application.

31 **SECTION 183.** ORS 471.168, as amended by section 3, chapter 3, Oregon Laws 2016, is amended
 32 to read:

33 471.168. (1) For the purpose of providing coverage for injuries suffered by persons by reason of
 34 the conduct of intoxicated persons who were served alcoholic beverages on licensed premises while
 35 visibly intoxicated, all persons holding a license described in this section must either:

- 36 (a) Maintain liquor liability insurance of not less than \$300,000; or
- 37 (b) Maintain a bond with a corporate surety authorized to transact business in this state in the
 38 amount of not less than \$300,000.

39 (2) The Oregon Liquor [*Control*] **and Cannabis** Commission may by rule require liquor liability
 40 insurance or bond in an amount larger than the minimum amount provided for in subsection (1) of
 41 this section.

42 (3) The requirements of this section apply to full on-premises sales licenses, limited on-premises
 43 sales licenses and brewery-public house licenses. The requirements of this section apply to tempo-
 44 rary sales licenses, special events winery licenses, special events grower sales privilege licenses,
 45 special events brewery-public house licenses, special events brewery licenses and special events

1 distillery licenses if the event that is licensed is open to the public and attendance at the event is
2 anticipated to exceed 300 individuals per day.

3 (4) The requirements of this section apply to winery licenses, brewery licenses and grower sales
4 privilege licenses unless an applicant for issuance of the license or renewal of the license submits
5 with the application for issuance or renewal of the license an affidavit that states that the licensee
6 will not allow consumption of alcoholic beverages on the premises.

7 (5) All licensees subject to the requirements of this section must supply proof of compliance at
8 the time the license is issued or renewed. The commission by rule shall determine the manner in
9 which proof of compliance may be made under the provisions of this subsection. The commission
10 may require a licensee to present proof of compliance with liquor liability insurance and bond re-
11 quirements at any time upon request of the commission.

12 (6) Failure of a licensee to comply with liquor liability insurance or bond requirements imposed
13 under this section constitutes a serious threat to public health and safety. In addition to any action
14 available to the commission under ORS 471.313 or 471.315, the commission may immediately suspend
15 or refuse renewal of a license as provided under ORS 183.430 (2) if the licensee fails to comply with
16 those insurance or bond requirements.

17 (7) If a licensee fails to provide proof of compliance with liquor liability insurance or bond re-
18 quirements imposed under this section at the time of license renewal or when requested by the
19 commission, the failure is sufficient reason for the commission to find for purposes of ORS 183.430
20 (2) that the licensee has failed to comply with the insurance or bond requirements.

21 **SECTION 184.** ORS 471.175 is amended to read:

22 471.175. (1) The holder of a full on-premises sales license may sell by the drink at retail wine,
23 malt beverages, cider and distilled liquor. Except as provided in this section, all alcoholic beverages
24 sold under a full on-premises sales license must be consumed on the licensed premises.

25 (2) A full on-premises sales license may be issued only to:

26 (a) A nonprofit private club, as described in subsection (8) of this section.

27 (b) A public passenger carrier as provided in ORS 471.182.

28 (c) A commercial establishment, as defined in ORS 471.001 (2).

29 (d) A public location that does not qualify for licensing under paragraphs (a) to (c) of this sub-
30 section if:

31 (A) Food is cooked and served at the location;

32 (B) The predominant business activity at the location is other than the preparation or serving
33 of food or the serving of alcohol; and

34 (C) The location meets any minimum food service requirements established by Oregon Liquor
35 [Control] and Cannabis Commission rule.

36 (e) A caterer, subject to the requirements of ORS 471.184.

37 (3) The holder of a full on-premises sales license shall allow a patron to remove a partially
38 consumed bottle of wine from the licensed premises if the wine is served in conjunction with the
39 patron's meal, the patron is not a minor and the patron is not visibly intoxicated.

40 (4) The holder of a full on-premises sales license is entitled to purchase any distilled liquor from
41 an agent of the commission appointed pursuant to ORS 471.750 at a discount of not more than five
42 percent off the regular listed price fixed by the commission, together with all taxes, in a manner
43 prescribed by commission rule. For purposes of compensation by the commission, the appointed
44 agent shall be credited with such sales at full retail cost. The commission may not require the
45 licensee to purchase more than one container of distilled liquor at a time if the distilled liquor:

1 (a) Except as provided in subsection (9) of this section, has a retail sales price of \$30 or more
 2 per container;

3 (b) Is available through a distributor in the United States that does not require the commission
 4 to acquire more than one case of the distilled liquor in a single transaction;

5 (c) Is not regularly stocked by the commission; and

6 (d) Is ordered in a 750 milliliter container size if available in that size.

7 (5) The holder of a full on-premises sales license may purchase distilled liquor only from a retail
 8 sales agent of the commission or from another person licensed under this section who has purchased
 9 the distilled liquor from a retail sales agent of the commission.

10 (6) The holder of a full on-premises sales license may sell factory-sealed containers of wine to
 11 a person who organizes a private gathering on the licensee's premises if the wine was acquired as
 12 part of a larger purchase of wine by the licensee for the purpose of the gathering and only part of
 13 the larger purchase was consumed at the gathering. Wine sold under this subsection may be sold
 14 only for an amount adequate to compensate the licensee for the amounts paid by the licensee for
 15 the wine.

16 (7) The holder of a full on-premises sales license may sell for consumption off the licensed
 17 premises malt beverages, wines and cider in securely covered containers provided by the consumer
 18 and having capacities of not more than two gallons each.

19 (8) A nonprofit private club, including but not limited to a fraternal or veterans organization,
 20 may qualify for a full on-premises sales license under this section only if the club meets any mini-
 21 mum membership, nonprofit status and food service requirements established by commission rule.

22 (9) The commission may annually adjust the price threshold established in subsection (4)(a) of
 23 this section by a percentage equal to the percentage change in the Portland-Salem, OR-WA Con-
 24 sumer Price Index for All Urban Consumers for All Items as published by the Bureau of Labor
 25 Statistics of the United States Department of Labor. However, the commission may not adjust the
 26 price threshold to be less than \$30.

27 **SECTION 185.** ORS 471.180 is amended to read:

28 471.180. A full or limited on-premises sales license issued to a hotel or arena under the pro-
 29 visions of this chapter authorizes the person to whom the license is issued to provide for in-room
 30 supplies of the alcoholic beverages otherwise authorized to be sold under the license. Any in-room
 31 supply of alcoholic beverages that are available for purchase by patrons of the hotel or arena shall
 32 be kept in a locked cabinet, and shall conform with any rules that the Oregon Liquor [*Control*] **and**
 33 **Cannabis** Commission may promulgate to ensure the enforcement of other provisions of this chapter.

34 **SECTION 186.** ORS 471.182 is amended to read:

35 471.182. (1) The Oregon Liquor [*Control*] **and Cannabis** Commission may grant a full or limited
 36 on-premises sales license to the owner or operator of a licensed public passenger carrier only as
 37 specified in this section. A public passenger carrier licensed by the commission under this section
 38 must serve food as required by rules of the commission.

39 (2) The commission may issue a full on-premises sales license to:

40 (a) An airline for use in operating aircraft that are licensed to carry at least 40 passengers and
 41 that arrive at or depart from an airport in this state.

42 (b) A railroad corporation for use in operating passenger trains in this state.

43 (c) The owner or operator of one or more tour boats that are licensed to carry at least 40 pas-
 44 sengers to or from any port of this state and that are primarily used for nonfishing purposes.

45 (3) The commission may issue a limited on-premises sales license to any of the persons specified

1 in subsection (2) of this section. In addition, the commission may issue a limited on-premises sales
2 license to the owner or operator of a licensed public passenger carrier not described in subsection
3 (2) of this section if the carrier is a mobile vehicle that is licensed to carry at least 40 passengers.

4 **SECTION 187.** ORS 471.184 is amended to read:

5 471.184. (1) The holder of a full or limited on-premises sales license may cater a temporary event
6 at a location other than the licensed premises if the event is not open to the general public.
7 Catering of an event under this subsection must be pursuant to a contract with a client. The con-
8 tract must provide that the licensee will furnish food and beverage services for no more than 100
9 patrons. The licensee must serve food as required by rules of the commission. The licensee may
10 cater events under this subsection without giving advance notice to the Oregon Liquor [*Control*] **and**
11 **Cannabis** Commission if, before the event occurs, the commission gives written approval to the
12 licensee authorizing catering pursuant to this subsection. Events catered under the provisions of this
13 subsection must meet all requirements for enclosure of premises that may be imposed by the com-
14 mission for the purposes of this section. Notwithstanding ORS 471.175 (3) and (7) and 471.178 (2) to
15 (4), the licensee may not permit patrons of the event to remove any alcoholic beverages from the
16 premises of the event.

17 (2) In addition to catered events under subsection (1) of this section, the commission may by rule
18 allow the exercise of the privileges of a full or limited on-premises sales license at temporary events
19 held at locations other than the licensed premises. The commission may:

20 (a) Require notice to the commission before the exercise of license privileges at temporary
21 events under this subsection;

22 (b) Require that written approval by the commission be obtained before the exercise of license
23 privileges at temporary events under this subsection;

24 (c) Establish eligibility criteria for the exercise of license privileges at temporary events under
25 this subsection; and

26 (d) Establish fees reasonably calculated to cover administrative expenses incurred by the com-
27 mission in administering this subsection.

28 **SECTION 188.** ORS 471.186 is amended to read:

29 471.186. (1) The holder of an off-premises sales license may sell factory-sealed containers of malt
30 beverages, wine and cider. Factory-sealed containers of malt beverages sold under the license may
31 not hold more than two and one-quarter gallons.

32 (2) The holder of an off-premises sales license may sell for consumption off the licensed premises
33 malt beverages, wines and cider in securely covered containers supplied by the consumer and having
34 capacities of not more than two gallons each.

35 (3) The holder of an off-premises sales license may provide sample tasting of alcoholic beverages
36 on the licensed premises if the licensee makes written application to the Oregon Liquor [*Control*]
37 **and Cannabis** Commission and receives approval from the commission to conduct tastings on the
38 premises. Tastings must be limited to the alcoholic beverages that may be sold under the privileges
39 of the license.

40 (4) An off-premises sales license may not be issued for use at a premises that is mobile.

41 (5) Except as provided in ORS 471.402, a manufacturer or wholesaler may not provide or pay for
42 sample tastings of alcoholic beverages for the public on premises licensed under an off-premises
43 sales license.

44 (6) The holder of an off-premises sales license may deliver malt beverages, wine or cider that is
45 sold under the privileges of the license to retail customers in this state without a direct shipper

1 permit issued under ORS 471.282. Any deliveries by the holder of an off-premises sales license are
 2 subject to any rules adopted by the commission relating to deliveries made under this subsection.

3 Deliveries under this subsection:

4 (a) May be made only to a person who is at least 21 years of age;

5 (b) May be made only for personal use and not for the purpose of resale; and

6 (c) Must be made in containers that are conspicuously labeled with the words: "CONTAINS
 7 ALCOHOL: SIGNATURE OF PERSON AGE 21 YEARS OR OLDER REQUIRED FOR
 8 DELIVERY."

9 (7) The holder of an off-premises sales license that makes deliveries of malt beverages, wine or
 10 cider under subsection (6) of this section must take all actions necessary to ensure that a carrier
 11 used by the licensee does not deliver any malt beverages, wine or cider unless the carrier:

12 (a) Obtains the signature of the recipient of the malt beverages, wine or cider upon delivery;

13 (b) Verifies by inspecting government-issued photo identification that the recipient is at least
 14 21 years of age; and

15 (c) Determines that the recipient is not visibly intoxicated at the time of delivery.

16 (8) Any person who knowingly or negligently delivers malt beverages, wine or cider under the
 17 provisions of this section to a person under 21 years of age, or who knowingly or negligently de-
 18 livers malt beverages, wine or cider under the provisions of this section to a visibly intoxicated
 19 person, violates ORS 471.410.

20 (9) If a court determines that deliveries of malt beverages, wine or cider under subsection (6)
 21 of this section cannot be restricted to holders of off-premises sales licenses, and the decision is a
 22 final judgment that is no longer subject to appeal, the holder of an off-premises sales license may
 23 not make deliveries of malt beverages, wine or cider under the provisions of subsection (6) of this
 24 section after entry of the final judgment.

25 **SECTION 189.** ORS 471.190 is amended to read:

26 471.190. (1) The holder of a temporary sales license may:

27 (a) Sell at retail by the drink wine, malt beverages, cider and distilled liquor.

28 (b) Sell for consumption off the licensed premises wine, malt beverages and cider in factory-
 29 sealed containers.

30 (c) Sell for consumption off the licensed premises wine, malt beverages and cider in securely
 31 covered containers supplied by the consumer and having capacities of not more than two gallons
 32 each.

33 (2) Distilled liquor served by the holder of a temporary sales license must be purchased from a
 34 retail sales agent of the Oregon Liquor [*Control*] **and Cannabis** Commission. The holder of a tem-
 35 porary sales license must provide food service as required by commission rule.

36 (3) A temporary sales license may be issued only to:

37 (a) Nonprofit or charitable organizations that are registered with the state.

38 (b) A political committee that has filed a statement of organization under ORS 260.039 or
 39 260.042.

40 (c) State agencies.

41 (d) Local governments, and agencies and departments of local governments.

42 (e) Persons not otherwise described in this subsection, as long as the applicant submits a plan
 43 that is approved by the commission detailing how minors will be prevented from gaining access to
 44 alcoholic beverages and how minors will be prevented from gaining access to any portion of the li-
 45 censed premises prohibited to minors under ORS 471.430 (3) or any rule adopted by the commission.

1 (4) The commission may by rule establish additional eligibility requirements for temporary sales
2 licenses.

3 (5) Subject to such qualifications as the commission may establish by rule, persons who hold a
4 full or limited on-premises sales license are eligible for temporary sales licenses.

5 (6) A person holding a temporary sales license is not required to obtain an intermittent tempo-
6 rary restaurant, seasonal temporary restaurant, single-event temporary restaurant license or mobile
7 unit license under ORS chapter 624 if only wine, malt beverages and cider in single-service con-
8 tainers are served and only nonperishable food items that are exempted from licensure by the
9 Oregon Health Authority are served.

10 (7) Employees and volunteers serving alcoholic beverages for a nonprofit or charitable organ-
11 ization licensed under this section are not required to have service permits or to complete an alco-
12 hol server education program and examination under ORS 471.542. The commission by rule may
13 establish education requirements for servers described in this subsection.

14 (8) Notwithstanding ORS 471.392 to 471.400, a temporary sales license may be issued to a
15 nonprofit trade association that has a membership primarily composed of persons that hold winery
16 licenses issued under ORS 471.223 or grower sales privilege licenses issued under ORS 471.227.

17 **SECTION 190.** ORS 471.200 is amended to read:

18 471.200. (1) A brewery-public house license allows the licensee:

19 (a) To manufacture on the licensed premises, store, transport, sell to wholesale malt beverage
20 and wine licensees of the Oregon Liquor [*Control*] **and Cannabis** Commission and export malt
21 beverages;

22 (b) To sell malt beverages manufactured on or off the licensed premises at retail for consumption
23 on or off the premises;

24 (c) To sell malt beverages in brewery-sealed packages at retail directly to the consumer for
25 consumption off the premises;

26 (d) To sell on the licensed premises at retail malt beverages manufactured on or off the licensed
27 premises in unpasteurized or pasteurized form directly to the consumer for consumption off the
28 premises, delivery of which may be made in a securely covered container supplied by the consumer;

29 (e) To sell wine and cider at retail for consumption on or off the premises;

30 (f) To sell for consumption off the premises wines and cider in securely covered containers
31 supplied by the consumer and having capacities of not more than two gallons each;

32 (g) To conduct the activities, except manufacturing, described in paragraphs (a) to (f) of this
33 subsection at one location other than the premises where the manufacturing occurs;

34 (h) To obtain a special events brewery-public house license entitling the holder to conduct the
35 activities allowed under paragraphs (b) to (f) of this subsection at a designated location other than
36 the location set forth in the brewery-public house license for a period not exceeding five days;

37 (i) To distribute malt beverages manufactured at the licensed premises to any other premises
38 licensed to the same licensee, whether a manufacturer, wholesaler or retail premises; and

39 (j) To distribute for export, in any amount, malt beverages manufactured at the licensed prem-
40 ises.

41 (2) In addition to the privileges specified in subsection (1) of this section, in any calendar year
42 a brewery-public house licensee may sell at wholesale and distribute to licensees of the commission
43 no more than 7,500 barrels of malt beverages produced by the brewery-public house licensee.

44 (3) A brewery-public house licensee, or any person having an interest in the licensee, is a retail
45 licensee for the purposes of ORS 471.394 and, except as otherwise provided by this section and ORS

1 471.396, may not acquire or hold any right, title, lien, claim or other interest, financial or otherwise,
2 in, upon or to the premises, equipment, business or merchandise of any manufacturer or wholesaler,
3 as defined in ORS 471.392. A brewery-public house licensee, or any person having an interest in the
4 licensee, is also a manufacturer for the purposes of ORS 471.398 and, except as otherwise provided
5 by this section and ORS 471.400, may not acquire or hold any right, title, lien, claim or other in-
6 terest, financial or otherwise, in, upon or to the premises, equipment, business or merchandise of
7 any other retail licensee, as defined in ORS 471.392.

8 (4) A brewery-public house licensee, or any person having an interest in the licensee, is a retail
9 licensee for the purposes of ORS 471.398 and, except as otherwise provided by this section and ORS
10 471.400, may not accept directly or indirectly any financial assistance described in ORS 471.398 from
11 any manufacturer or wholesaler, as defined in ORS 471.392. A brewery-public house licensee, or any
12 person having an interest in the licensee, is also a manufacturer for the purposes of ORS 471.398
13 and, except as otherwise provided by this section and ORS 471.400, may not provide directly or in-
14 directly any financial assistance described in ORS 471.398 to any retail licensee, as defined in ORS
15 471.392. The prohibitions on financial assistance in ORS 471.398 do not apply to financial assistance
16 between manufacturing and retail businesses licensed to the same person under the provisions of
17 this section.

18 (5) Notwithstanding subsection (3) of this section, a brewery-public house licensee, or any person
19 having an interest in the licensee, may also hold a winery license authorized by ORS 471.223. A
20 brewery-public house licensee, or any person having an interest in the licensee, may also hold a
21 warehouse license authorized by ORS 471.242.

22 (6) Notwithstanding subsection (3) of this section, a brewery-public house licensee is eligible for
23 limited on-premises sales licenses and temporary sales licenses.

24 (7)(a) Notwithstanding subsection (3) of this section, and except as provided in this subsection,
25 a brewery-public house licensee, or any person having an interest in the licensee, may also hold a
26 full on-premises sales license. If a person holds both a brewery-public house license and a full on-
27 premises sales license, nothing in this chapter shall prevent the sale by the licensee of both distilled
28 liquor and malt beverages manufactured under the brewery-public house license.

29 (b) The commission may not issue a full on-premises sales license to a brewery-public house
30 licensee under the provisions of this subsection if the brewery-public house licensee, or any person
31 having an interest in the licensee or exercising control over the licensee, is a brewery that brews
32 more than 200,000 barrels of malt beverages annually or a winery that produces more than 200,000
33 gallons of wine annually.

34 (8) Notwithstanding any other provision of this chapter, a brewery-public house licensee, or any
35 person having an interest in the licensee, may also hold a distillery license. No provision of this
36 chapter prevents a brewery-public house licensee that also holds a distillery license from being ap-
37 pointed by the commission as the distillery's retail outlet agent for the purpose of selling distilled
38 liquors under ORS 471.230.

39 (9) Notwithstanding subsection (3) of this section, the commission by rule may authorize a
40 brewery-public house licensee to coproduce special events with other manufacturers.

41 (10)(a) Notwithstanding subsection (3) of this section, a brewery-public house licensee may hold,
42 directly or indirectly, an interest in a manufacturer or wholesaler, provided that the interest does
43 not result in exercise of control over, or participation in the management of, the manufacturer's or
44 wholesaler's business or business decisions and does not result in exclusion of any competitor's
45 brand of alcoholic liquor.

1 (b) Notwithstanding subsection (3) of this section, a manufacturer or wholesaler, and any officer,
 2 director or substantial stockholder of any corporate manufacturer or wholesaler, may hold, directly
 3 or indirectly, an interest in a brewery-public house licensee, provided that the interest does not re-
 4 sult in exercise of control over, or participation in the management of, the licensee's business or
 5 business decisions and does not result in exclusion of any competitor's brand of alcoholic liquor.

6 (11) For purposes of ORS chapter 473, a brewery-public house licensee shall be considered to
 7 be a manufacturer.

8 **SECTION 191.** ORS 471.223 is amended to read:

9 471.223. (1) As used in this section, "control" means that the licensee:

10 (a) Owns the brand under which the wine or cider is labeled; or

11 (b) Performs or has the legal right to perform all of the acts common to a brand owner under
 12 the terms of a trademark license or similar agreement that for the brand under which the wine or
 13 cider is labeled has a term of at least three years.

14 (2) A winery license shall allow the licensee:

15 (a) To import wine or cider in containers that have a capacity of more than four liters.

16 (b) To import wine or cider in containers that have a capacity of four liters or less if the brand
 17 of wine or cider is under the control of the licensee.

18 (c) To bottle, produce, blend, store, transport or export wines or cider.

19 (d) To sell wines or cider at wholesale to the Oregon Liquor [*Control*] **and Cannabis** Commis-
 20 sion or to licensees of the commission.

21 (e) To sell wines or cider at retail directly to the consumer for consumption on or off the li-
 22 censed premises.

23 (f) To sell malt beverages at retail for consumption on or off the licensed premises.

24 (g) To sell for consumption off the premises malt beverages, wines and cider in securely covered
 25 containers supplied by the consumer and having capacities of not more than two gallons each.

26 (h) To conduct any activities described in paragraphs (a) to (g) of this subsection at a second
 27 or third premises as may be designated by the commission.

28 (i) To purchase from or through the commission brandy or other distilled liquors for fortifying
 29 wines.

30 (j) To obtain a special events winery license that shall entitle the holder to conduct the activ-
 31 ities allowed under paragraphs (e) to (g) of this subsection at a designated location other than the
 32 one set forth in the winery license for a period not to exceed five days.

33 (3) A winery licensee shall allow a patron to remove a partially consumed bottle of wine from
 34 the licensed premises if the patron is not a minor and the patron is not visibly intoxicated.

35 (4) In order to hold a winery license the licensee shall:

36 (a) Possess at a bonded premises within Oregon a valid producer and blender basic permit issued
 37 by the federal Alcohol and Tobacco Tax and Trade Bureau; or

38 (b) Possess a valid wine blender or valid wholesaler basic permit issued by the federal Alcohol
 39 and Tobacco Tax and Trade Bureau and have a written contract with a winery licensed under par-
 40 agraph (a) of this subsection that authorizes the winery to produce for the licensee a brand of wine
 41 or cider that is under the control of the licensee.

42 (5) A winery licensee may sell and ship malt beverages, wine or cider directly to a resident of
 43 this state only if the licensee has a direct shipper permit issued under ORS 471.282.

44 (6)(a) Except as provided in paragraph (b) of this subsection, a winery licensee, or any person
 45 having an interest in the licensee, may also hold a full on-premises sales license. If a winery

1 licensee, or a person having an interest in the licensee, also holds a full on-premises sales license,
2 the provisions of this chapter do not prevent the licensee or person from both selling wine or cider
3 bottled and produced under the winery license and selling alcoholic liquor as authorized under the
4 full on-premises sales license.

5 (b) The commission may not issue a full on-premises sales license to a winery licensee under the
6 provisions of this subsection if the winery licensee, or any person having an interest in the licensee
7 or exercising control over the licensee, is a brewery that brews more than 200,000 barrels of malt
8 beverages annually.

9 (7) More than one winery licensee may exercise the privileges of a winery license at a single
10 location. The commission may not refuse to issue a winery license to a person for the production
11 of wine or cider on specified premises based on the fact that other winery licensees also produce
12 wine or cider on those premises.

13 (8) If a winery licensee does not possess at a bonded premises within Oregon a valid producer
14 and blender basic permit issued by the federal Alcohol and Tobacco Tax and Trade Bureau, the
15 licensee may exercise the privileges described in this section only for wine and cider brands that
16 are under the control of the licensee.

17 **SECTION 192.** ORS 471.227 is amended to read:

18 471.227. (1) A grower sales privilege license shall allow the licensee to perform the following
19 activities only for fruit or grape wine or cider where all of the fruit or grapes used to make the
20 wine or cider are grown in Oregon under the control of the licensee:

21 (a) To import, store, transport or export such wines or cider.

22 (b) To sell such wines or cider at wholesale to the Oregon Liquor [Control] **and Cannabis**
23 Commission or licensees of the commission.

24 (c) To sell such wines or cider at retail directly to the consumer for consumption on or off the
25 licensed premises.

26 (d) To sell at retail for consumption off the licensed premises malt beverages and such wines
27 and cider in securely covered containers provided by the consumer and having capacities of not
28 more than two gallons each.

29 (e) To conduct some or all of the activities allowed under paragraphs (a) to (d) of this subsection
30 at a second or third premises as may be designated by the commission.

31 (f) To obtain a special events grower sales privilege license which shall entitle the holder to
32 conduct the activities allowed under paragraphs (c) and (d) of this subsection at a designated lo-
33 cation other than the one set forth in the grower sales privilege license for a period not to exceed
34 five days.

35 (2) A grower sales privilege licensee shall allow a patron to remove a partially consumed bottle
36 of wine from the licensed premises if the patron is not a minor and the patron is not visibly
37 intoxicated.

38 (3) For purposes of ORS 471.392 to 471.400, a grower sales privilege licensee shall be considered
39 a manufacturer.

40 (4) A person holding a winery license in another state is not eligible for a license under this
41 section.

42 (5) A person licensed under this section is not eligible for a limited on-premises sales license
43 or an off-premises sales license.

44 (6) As used in this section, "control" means the grower either owns the land upon which the
45 fruit or grapes are grown or has a legal right to perform or does perform all of the acts common

1 to fruit farming or viticulture under terms of a lease or similar agreement of at least three years'
2 duration.

3 (7) For the purposes of tax reporting, payment and record keeping, the provisions of law that
4 shall apply to a manufacturer under ORS chapter 473 shall apply to a grower sales privilege
5 licensee, but such a licensee is not a manufacturer for purposes of ORS 473.050 (5).

6 **SECTION 193.** ORS 471.230 is amended to read:

7 471.230. (1) A distillery license allows the licensee to import, manufacture, distill, rectify, blend,
8 denature and store spirits of an alcoholic content greater than 17 percent alcohol by weight, to sell
9 the spirits to the Oregon Liquor [*Control*] **and Cannabis** Commission and to transport the spirits
10 out of this state for sale outside this state. Distillery licensees may purchase and sell distilled liquor
11 from or to another distillery licensee in containers having a capacity greater than one U.S. gallon
12 for blending and manufacturing purposes. A distillery licensee may not sell any alcoholic beverage
13 within this state except to the commission or as provided in this section. However, any agricultural
14 producer or association of agricultural producers or the legal agents of an agricultural producer or
15 association of agricultural producers that manufactures and converts agricultural surpluses, by-
16 products and wastes into denatured ethyl and industrial alcohol for use in the arts and industry are
17 not required to obtain a license from the commission.

18 (2) If a distillery licensee holds a valid distilled spirits plant basic permit issued by the federal
19 Alcohol and Tobacco Tax and Trade Bureau for the licensed premises, the distillery licensee may:

20 (a) Permit tastings of distilled liquor approved by the commission for sale in Oregon and manu-
21 factured in Oregon by the distillery licensee or by another distillery licensee. Tastings may be of
22 the distilled liquor alone or with a mix of other liquids. If any of the other liquids are distilled li-
23 quors, they must be distilled liquors on the list of products approved by the commission for retail
24 sale in Oregon and must be purchased by the licensee at the retail price established by the com-
25 mission. This paragraph does not authorize sales by the drink of distilled liquor. The tastings may
26 be conducted on the licensed premises of the distillery and at no more than five other premises
27 owned or leased by the licensee. The commission may allow more than one distillery licensee to use
28 the same premises at the same time for conducting tastings if the premises are a primary production
29 location and the licensees share the premises or are owned by the same entity. If the manufacturer
30 of the distilled liquor obtains distilled liquor for conducting tastings from the inventory of the
31 commission, the licensee shall pay the commission a processing fee.

32 (b) Obtain a special events distillery license.

33 (c) Apply for appointment by the commission as a distillery retail outlet agent for purposes of
34 retailing distilled liquor at locations where tastings are permitted under paragraph (a) of this sub-
35 section or subsection (4)(a) of this section. A distillery retail outlet agent may sell at locations
36 where tastings are allowed under paragraph (a) of this subsection only distilled liquor that is on the
37 list of products approved by the commission for retail sale in Oregon and is manufactured in Oregon
38 by the distillery licensee or by another distillery licensee that uses the same premises as a primary
39 production location or is owned by the same entity as the distillery licensee.

40 (3) Notwithstanding ORS 471.392 to 471.400, a distillery licensee may also hold a full on-premises
41 sales license for a location at the licensed premises of the distillery and a full on-premises sales li-
42 cense for one other location. All distilled spirits sold under the full on-premises sales license must
43 be purchased from the commission.

44 (4) A distillery licensee that holds a special events distillery license may conduct an event on
45 premises designated in the special events distillery license. Except as provided in this subsection,

1 a special events distillery license may be valid for a period not exceeding five days. The commission
2 shall limit the approval of special events distillery licenses for a distillery licensee at the same lo-
3 cation to not more than 62 days during a calendar year. A distillery licensee conducting a special
4 event may:

5 (a) Permit tastings of distilled liquor approved by the commission for sale in Oregon and manu-
6 factured in Oregon by the distillery licensee. Tastings may be of the distilled liquor alone or with
7 a mix of other liquids. If any of the other liquids are distilled liquors, they must be distilled liquors
8 on the list of products approved by the commission for retail sale in Oregon and must be purchased
9 by the licensee at the retail price established by the commission. If the manufacturer of the distilled
10 liquor obtains distilled liquor for conducting tastings from the inventory of the commission, the
11 licensee shall pay the commission a processing fee.

12 (b) Permit sales by the drink of distilled liquor. A drink that a distillery licensee sells under this
13 paragraph must include distilled liquor that the licensee manufactured in Oregon. Any distilled li-
14 quor contained in the drink must be on the list of products approved by the commission for retail
15 sale in Oregon. The distillery licensee selling the drink must purchase all distilled liquor contained
16 in the drink at the retail price set by the commission for the month in which the drink is sold.

17 (c) If the distillery licensee has been appointed as a distillery retail outlet agent under sub-
18 section (2)(c) of this section, sell distilled liquor in factory-sealed containers for consumption off the
19 licensed premises. A distillery retail outlet agent may sell at a location where tastings are allowed
20 under paragraph (a) of this subsection only distilled liquor that is on the list of products approved
21 by the commission for retail sale in Oregon and is manufactured in Oregon by the distillery licensee.
22 The distillery retail outlet agent must sell the distilled liquor at the retail price set by the com-
23 mission for the month of sale.

24 **SECTION 194.** ORS 471.235 is amended to read:

25 471.235. (1) A wholesale malt beverage and wine license shall allow the importation, storage,
26 transportation, wholesale sale and distribution to licensees of the Oregon Liquor [*Control*] **and**
27 **Cannabis** Commission, and the export of wine, cider and malt beverages, and the importation and
28 sale to the commission and the export of wine of alcoholic content in excess of 21 percent alcohol
29 by volume. A wholesale malt beverage and wine licensee may not sell any alcoholic liquor for con-
30 sumption upon the licensed premises. However, a wholesale malt beverage and wine licensee may
31 sell naturally fermented wine or cider in quantities of not less than four gallons nor more than 55
32 gallons at any one time to consumers for consumption not on the licensed premises. Wholesale malt
33 beverage and wine licensees may sell malt beverages containing not more than nine percent alcohol
34 by volume in quantities not less than four gallons to any unlicensed organization, lodge, picnic party
35 or private gathering. The unlicensed organization, lodge, picnic party or private gathering may not
36 sell the malt beverages. A wholesale malt beverage and wine license shall permit the licensee also
37 to sell malt beverages at wholesale only, to persons holding licenses authorizing the persons to re-
38 sell such beverages at retail. Employees of wholesale malt beverage and wine licensees may serve
39 sample tastings of malt beverages, cider and wine at alcoholic beverage industry trade shows, sem-
40 inars and conventions and at alcoholic beverage industry sample tastings for employees of retail
41 licensees.

42 (2) Subsection (1) of this section does not prohibit the transportation or wholesale sale or dis-
43 tribution of malt beverage or wine by a wholesale malt beverage and wine licensee to any alcoholic
44 treatment center licensed by the Oregon Health Authority.

45 (3) A wholesale malt beverage and wine licensee may impose an additional handling fee on any

1 wine sold to any retailer in this state if the quantity of wine sold to the retailer is less than the
2 smallest multiple-package case available to be sold and the handling fee is uniform for all licensees.

3 **SECTION 195.** ORS 471.242 is amended to read:

4 471.242. (1) A warehouse license shall allow the licensee to store, import, bottle, produce, blend,
5 transport and export nontax paid, bonded wine or wine on which the tax is paid and to store, import
6 and export nontax paid malt beverages and cider, or malt beverages and cider on which the tax is
7 paid. Wine, cider and malt beverages may be removed from the licensed premises only for:

8 (a) Sale for export;

9 (b) Sale or shipment to a wholesale malt beverage and wine licensee;

10 (c) Sale or shipment to another warehouse licensee;

11 (d) Sale or shipment to a winery licensee;

12 (e) Shipment of wine or cider produced by a winery licensee to a licensee of the Oregon Liquor
13 [Control] and Cannabis Commission authorized to sell wine or cider at retail if the shipment is made
14 pursuant to a sale to the retail licensee by the holder of a winery license issued under ORS 471.223,
15 a grower sales privilege license issued under ORS 471.227 or a wholesale malt beverage and wine
16 license issued under ORS 471.235; or

17 (f) Shipment of malt beverages, wine or cider to a person for personal use, as described in sub-
18 section (7) of this section.

19 (2) A license applicant must hold an approved registration for a bonded wine cellar or winery
20 under federal law.

21 (3) For the purposes of tax reporting, payment and record keeping, the provisions that shall
22 apply to a manufacturer under ORS chapter 473 shall apply to a warehouse licensee.

23 (4) A warehouse must be physically secure in an area zoned for the intended use and be phys-
24 ically separated from any other use.

25 (5) For purposes of ORS 471.392 to 471.400, a warehouse licensee shall be considered a man-
26 ufacturer.

27 (6) For purposes of ORS 473.045, a warehouse licensee shall be considered a winery licensee.

28 (7) Malt beverages, wine or cider may be removed from the premises licensed under this section
29 for shipment pursuant to a sale under ORS 471.282. The warehouse licensee shall take reasonable
30 steps to ensure that shipments are made in containers that are conspicuously labeled with the
31 words: "CONTAINS ALCOHOL: SIGNATURE OF PERSON AGE 21 YEARS OR OLDER RE-
32 QUIRED FOR DELIVERY." In addition, the warehouse licensee shall take reasonable steps to en-
33 sure that any carrier used by the licensee does not deliver any malt beverages, wine or cider unless
34 the carrier:

35 (a) Obtains the signature of the recipient of the malt beverages, wine or cider upon delivery;

36 (b) Verifies by inspecting government-issued photo identification that the recipient is at least
37 21 years of age; and

38 (c) Determines that the recipient is not visibly intoxicated at the time of delivery.

39 **SECTION 196.** ORS 471.244 is amended to read:

40 471.244. (1) No licensee of the Oregon Liquor [Control] and Cannabis Commission shall manu-
41 facture, import into, or purchase in the State of Oregon for resale therein any malt beverages, cider
42 or wine unless the manufacturer of such malt beverages, cider or wine has first obtained from the
43 commission a certificate of approval, except that with respect to malt beverages, cider or wine
44 manufactured outside the United States, the certificate of approval may be obtained by the person
45 importing same into the United States. Such certificate of approval shall be granted only to man-

1 manufacturers or importers who shall have entered into an agreement with the commission to furnish
2 a report to the commission, on or before the 20th day of each month, showing the quantity of malt
3 beverages, cider or wine delivered to each licensee of the commission during the preceding calendar
4 month, and to faithfully comply with all laws of the State of Oregon pertaining to traffic in malt
5 beverages, cider or wine. If any holder of such certificate, or any officer, agent or employee of such
6 holder, shall violate any term or provision of such agreement, or submit any false or fictitious re-
7 port, the commission may, in its discretion, suspend or revoke such certificate.

8 (2) The commission may grant special certificates of approval to manufacturers and importers
9 of malt beverages, cider or wine. A special certificate of approval has the effect of a certificate of
10 approval granted under subsection (1) of this section, but is valid only for a period of 30 days.

11 **SECTION 197.** ORS 471.251 is amended to read:

12 471.251. The Oregon Liquor [*Control*] **and Cannabis** Commission may issue a manufacturer or
13 other person a certificate of approval authorizing the import of distilled liquor manufactured by a
14 distillery not licensed under ORS 471.230. The commission may establish by rule:

15 (1) The conditions under which a manufacturer or other person may qualify for a certificate of
16 approval;

17 (2) The products covered by the certificate of approval;

18 (3) Any conditions or limitations placed on imports under the certificate of approval; and

19 (4) The grounds for suspension or revocation of a certificate of approval.

20 **SECTION 198.** ORS 471.268 is amended to read:

21 471.268. (1) In addition to any other privilege granted to a licensee under this chapter, a licensee
22 may conduct an organized judging, tasting, exhibition, contest or competition of malt beverages and
23 wines produced under ORS 471.403 (2) and (3) or homemade beers, wines and fermented fruit juices,
24 or related events, at the premises described in a full or limited on-premises sales license, off-premises
25 sales license, brewery-public house license, brewery license, winery license or warehouse license of
26 the licensee. However, the Oregon Liquor [*Control*] **and Cannabis** Commission may restrict the
27 portion of the licensed premises that may be used for the judging, tasting, exhibition, contest, com-
28 petition or related events and may restrict or prohibit sales of alcoholic beverages on the portion
29 of the premises that is being used for conducting the judging, tasting, exhibition, contest, competi-
30 tion or related events.

31 (2) In addition to any other privilege granted to a licensee under this chapter, a licensee may
32 allow malt beverages and wines produced under ORS 471.403 (2) and (3) or homemade beers, wines
33 and fermented fruit juices to be stored at the premises described in a full or limited on-premises
34 sales license, off-premises sales license, brewery-public house license, brewery license, winery license
35 or warehouse license of the licensee. The malt beverages or wines and the homemade beers, wines
36 or fermented fruit juices must be clearly identified by owner and kept separate from the alcoholic
37 beverage stock of the licensee.

38 (3) A licensee may not acquire any ownership interest in malt beverages and wines produced
39 under ORS 471.403 (2) and (3) or homemade beers, wines or fermented fruit juices stored under this
40 section. However, this subsection does not prohibit a licensee from using malt beverages and wines
41 produced under ORS 471.403 (2) and (3) or homemade beers, wines or fermented fruit juices in con-
42 ducting an organized judging, tasting, exhibition, contest or competition of the malt beverages and
43 wines or homemade beers, wines or fermented fruit juices, or related events, if the malt beverages
44 and wines or the homemade beers, wines or fermented fruit juices are stored with the licensee for
45 that purpose.

1 **SECTION 199.** ORS 471.274 is amended to read:

2 471.274. (1) The Oregon Liquor [*Control*] **and Cannabis** Commission may issue a wine self-
3 distribution permit to a United States manufacturer of wine or cider. The commission may issue a
4 wine self-distribution permit only to a manufacturer of wine or cider that:

5 (a) Holds a license issued by another state that authorizes the manufacture of wine or cider; and

6 (b) Holds a certificate of approval issued under ORS 471.244.

7 (2) The holder of a wine self-distribution permit may sell at wholesale and transport wine or
8 cider that the manufacturer produces directly to the commission, or to retail licensees in the manner
9 provided by this section. A wine self-distribution permit allows the holder to sell wine or cider that
10 the holder produces only to retail licensees who hold a valid endorsement issued by the commission
11 authorizing receipt of wine or cider from the holder of a wine self-distribution permit.

12 (3) In addition to the information required by ORS 471.311 for licenses, an applicant for a wine
13 self-distribution permit shall provide the commission with a copy of the license held by the applicant
14 or with sufficient information to allow verification of the license by electronic means or other means
15 acceptable to the commission. The applicant also shall provide the commission with any information
16 required by the commission to establish that the license held by the applicant authorizes the man-
17 ufacture of wine or cider.

18 (4) A person holding a wine self-distribution permit is responsible for paying all taxes imposed
19 under ORS chapter 473, and for complying with all reporting requirements imposed by ORS chapter
20 473, for all wine and cider sold and transported to retail licensees in this state. The commission may
21 revoke, or refuse to issue, a wine self-distribution permit if the holder of a permit fails to pay taxes
22 or make reports as required by ORS chapter 473.

23 (5) A retail licensee may receive wine or cider from the holder of a wine self-distribution permit
24 only if the licensee has received prior authorization from the commission. Prior authorization under
25 this subsection must be made by an endorsement to the license for the premises where the wine or
26 cider will be received. The commission may not charge or collect a fee for an endorsement under
27 this subsection.

28 (6)(a) Except as provided in paragraph (b) of this subsection, a retail licensee that receives wine
29 or cider from holders of wine self-distribution permits must make a monthly report to the commis-
30 sion, using a form prescribed by the commission, listing the amount of all wine or cider received
31 from permit holders in the previous month, and the names of the permit holders from whom the wine
32 or cider was received. Retail licensees shall retain such purchase records for products received from
33 permit holders as may be required by the commission.

34 (b) The holder of a full or limited on-premises sales license is not required to file a report under
35 this subsection for any month in which the licensee receives two or fewer cases of wine from holders
36 of wine self-distribution permits.

37 (7) A manufacturer that is not licensed by the commission may sell and transport wine or cider
38 directly to a retail licensee, and a retail licensee may receive wine or cider directly from a man-
39 ufacturer that is not licensed by the commission, only if the manufacturer holds a wine self-
40 distribution permit issued under this section.

41 (8) The holder of a wine self-distribution permit consents to the jurisdiction of the commission
42 and the courts of this state for the purpose of enforcing the provisions of this chapter, ORS chapter
43 473 and any related laws or rules.

44 (9) The holder of a wine self-distribution permit must post a bond or other security, as described
45 in ORS 471.155.

1 (10) The commission may revoke, or refuse to issue, a wine self-distribution permit if the holder
2 of a permit fails to comply with any provision of this section.

3 **SECTION 200.** ORS 471.282 is amended to read:

4 471.282. (1) Notwithstanding any other provision of this chapter and except as provided by ORS
5 471.186 (6), a person may sell and ship malt beverages, wine or cider directly to a resident of Oregon
6 only if the person holds a direct shipper permit. The Oregon Liquor [*Control*] **and Cannabis** Com-
7 mission shall issue a direct shipper permit only to:

8 (a) A person that holds a license issued by this state or another state that authorizes the man-
9 ufacture of malt beverages, wine or cider;

10 (b) A person that holds a license issued by this state or another state that authorizes the sale
11 of wine or cider produced only from grapes or other fruit grown under the control of the person;

12 (c) A person that holds a license authorizing the sale of malt beverages, wine or cider at retail;
13 or

14 (d) A nonprofit trade association that holds a temporary sales license under ORS 471.190 and
15 that has a membership primarily composed of persons holding winery licenses issued under ORS
16 471.223 or grower sales privilege licenses issued under ORS 471.227.

17 (2) The holder of a direct shipper permit that is a licensee of another state may deliver malt
18 beverages under the permit only if that other state makes direct shipper permits, or the equivalent,
19 available for the delivery of malt beverages by persons holding a license issued by the commission
20 authorizing the manufacture or retail sale of malt beverages.

21 (3)(a) A person may apply for a direct shipper permit by filing an application with the commis-
22 sion. The application must be made in such form as may be prescribed by the commission.

23 (b) If the application is based on a license issued by this state, the person must include in the
24 application the number of the license issued to the person.

25 (c) If the application is based on a license issued by another state, the person must include in
26 the application a true copy of the license issued to the person by the other state or include sufficient
27 information to allow verification of the license by electronic means or other means acceptable to the
28 commission.

29 (d) If the application is based on a license issued by another state, or the application is by a
30 nonprofit trade association described in subsection (1)(d) of this section, the person or association
31 must pay a \$50 registration fee and maintain a bond or other security described in ORS 471.155 in
32 the minimum amount of \$1,000.

33 (4) Sales and shipments under a direct shipper permit:

34 (a) May be made only to a person who is at least 21 years of age;

35 (b) May be made only for personal use and not for the purpose of resale; and

36 (c) May not exceed two cases, containing not more than nine liters per case, to any resident per
37 month.

38 (5) Sales and shipments under a direct shipper permit must be made directly to a resident of this
39 state in containers that are conspicuously labeled with the words: "CONTAINS ALCOHOL: SIG-
40 NATURE OF PERSON AGE 21 YEARS OR OLDER REQUIRED FOR DELIVERY."

41 (6) A person holding a direct shipper permit must take all actions necessary to ensure that a
42 carrier used by the permit holder does not deliver any malt beverages, wine or cider unless the
43 carrier:

44 (a) Obtains the signature of the recipient of the malt beverages, wine or cider upon delivery;

45 (b) Verifies by inspecting government-issued photo identification that the recipient is at least

1 21 years of age; and

2 (c) Determines that the recipient is not visibly intoxicated at the time of delivery.

3 (7)(a) A person holding a direct shipper permit must report to the commission on a quarterly
4 basis all shipments of malt beverages, wine or cider made to Oregon residents under the permit. The
5 report must be made in a form prescribed by the commission.

6 (b) A person holding a direct shipper permit must allow the commission to audit the permit
7 holder's records upon request and shall make those records available to the commission in this state.

8 (c) A person holding a direct shipper permit consents to the jurisdiction of the commission and
9 the courts of this state for the purpose of enforcing the provisions of this section and any related
10 laws or rules.

11 (8)(a) A person holding a direct shipper permit must timely pay to the commission all taxes im-
12 posed under ORS chapter 473 on malt beverages, wine and cider sold and shipped under the permit.
13 For the purpose of the privilege tax imposed under ORS chapter 473, all malt beverages, wine or
14 cider sold and shipped pursuant to a direct shipper permit is sold in this state.

15 (b) A person holding a direct shipper permit based on a license issued by another state must
16 timely pay to the commission all taxes imposed under ORS chapter 473 on all malt beverages, wine
17 or cider sold and shipped directly to Oregon residents under the permit. The permit holder, not the
18 purchaser, is responsible for the tax.

19 (9) A direct shipper permit must be renewed annually. If the person holds the permit based on
20 an annual license issued by another state, the person may renew the permit by paying a \$50 renewal
21 fee and providing the commission with a true copy of a current license issued to the person by the
22 other state or with sufficient information to allow verification of the license by electronic means
23 or other means acceptable to the commission. If the person holds the permit based on an annual li-
24 cense issued by this state, the person may renew the permit at the same time that the person renews
25 the license.

26 (10) The commission may refuse to issue or may suspend or revoke a direct shipper permit if the
27 permit holder fails to comply with the provisions of this section. A person may sell and ship malt
28 beverages, wine or cider under a direct shipper permit only for as long as the person has the license
29 issued by this state or another state that authorizes the person to hold a direct shipper permit. A
30 direct shipper permit does not authorize the shipment of malt beverages by a permit holder de-
31 scribed in subsection (1)(b) of this section or lacking authority as provided under subsection (2) of
32 this section.

33 (11) Any person who knowingly or negligently delivers malt beverages, wine or cider under the
34 provisions of this section to a person under 21 years of age, or who knowingly or negligently de-
35 livers malt beverages, wine or cider under the provisions of this section to a visibly intoxicated
36 person, violates ORS 471.410.

37 (12) A person may not make sales and shipments of malt beverages, wine or cider directly to
38 Oregon residents unless the person holds a direct shipper permit issued under this section. Any
39 person who knowingly makes, participates in, transports, imports or receives a shipment of malt
40 beverages, wine or cider that is in violation of this section commits a misdemeanor as provided in
41 ORS 471.990 (1).

42 **SECTION 201.** ORS 471.292 is amended to read:

43 471.292. (1) A license granted under the Liquor Control Act or the Oregon Distilled Liquor
44 Control Act shall:

45 (a) Be a purely personal privilege.

1 (b) Be valid for the period stated in the license.

2 (c) Be renewable in the manner provided in ORS 471.311, except for a cause which would be
3 grounds for refusal to issue such license under ORS 471.313.

4 (d) Be revocable or suspendible as provided in ORS 471.315.

5 (e) Be transferable from the place for which the license was originally issued to another location
6 subject to the provisions of the Liquor Control Act, the Oregon Distilled Liquor Control Act, any
7 rules of the Oregon Liquor [*Control*] **and Cannabis** Commission and any municipal ordinance or lo-
8 cal regulation.

9 (f) Cease upon the death of the licensee, except as provided in subsection (2) of this section.

10 (g) Not constitute property.

11 (h) Not be alienable.

12 (i) Not be subject to attachment or execution.

13 (j) Not descend by the laws of testate or intestate devolution.

14 (2) The commission may, by order, provide for the manner and conditions under which:

15 (a) Alcoholic liquors left by any deceased, insolvent or bankrupt person or licensee, or subject
16 to a security interest, may be foreclosed, sold under execution or otherwise disposed of.

17 (b) The business of any deceased, insolvent or bankrupt licensee may be operated for a reason-
18 able period following the death, insolvency or bankruptcy.

19 (c) A business licensed pursuant to this chapter subject to a security interest may be continued
20 in business by a secured party as defined in ORS 79.0102 for a reasonable period after default on
21 the indebtedness by the debtor.

22 (d) A license granted under this chapter may be transferred from the place for which the license
23 was originally issued to another location.

24 **SECTION 202.** ORS 471.294 is amended to read:

25 471.294. (1) Except as otherwise provided in this section, all licenses under this chapter and
26 renewals thereof shall be issued for a period of one year which shall expire at 12 midnight on March
27 31, June 30, September 30 or December 31 of each year.

28 (2) Notwithstanding subsection (1) of this section, a license issued for the first time to an ap-
29 plicant may be issued for less than a year. The fee for a license issued for less than a year under
30 this subsection is the annual license fee prescribed by ORS 471.311.

31 (3) The term of a temporary letter of authority or license issued under ORS 471.302 or any
32 temporary sales license is the period fixed by the Oregon Liquor [*Control*] **and Cannabis** Commis-
33 sion when the letter or license is issued.

34 **SECTION 203.** ORS 471.297 is amended to read:

35 471.297. (1) The Oregon Liquor [*Control*] **and Cannabis** Commission may grant a temporary let-
36 ter of authority for a period not to exceed 90 days on change of ownership applications for licenses
37 granted under this chapter if the applicant pays the fee prescribed by the commission for a tempo-
38 rary letter of authority. The administrator appointed by the commission under ORS 471.720 may
39 extend a temporary letter of authority granted under the provisions of this section for a period not
40 to exceed 30 days if the commission has not granted or denied the application at the end of the
41 90-day period. A temporary letter of authority issued under this section does not constitute a license
42 for the purposes of ORS chapter 183.

43 (2) The commission summarily and without prior administrative proceedings may revoke a tem-
44 porary letter of authority any time if the commission finds that any of the grounds for refusing a
45 license under ORS 471.313 or canceling or suspending a license under ORS 471.315 exist.

1 (3) A person subject to subsection (2) of this section shall be given an interview under the di-
 2 rection of the commission if the person requests an interview prior to revocation of a temporary
 3 letter of authority. However, the proceedings are not a contested case under ORS chapter 183.

4 **SECTION 204.** ORS 471.302 is amended to read:

5 471.302. (1) Upon receiving an application for an off-premises sales license, the Oregon Liquor
 6 [*Control*] and Cannabis Commission may grant a temporary letter of authority for a period not ex-
 7 ceeding 90 days, if it finds:

8 (a) The applicant is located in an area presently zoned for commercial use and presents doc-
 9 umentation of such zoning to the commission.

10 (b) The applicant pays the fee prescribed by the commission for a temporary letter of authority.

11 (2) The administrator appointed by the commission under ORS 471.720 may extend a temporary
 12 letter of authority granted under the provisions of this section for a period not to exceed 30 days
 13 if the commission has not granted or denied the application at the end of the 90-day period provided
 14 for in subsection (1) of this section.

15 (3) A temporary letter of authority issued under this section does not constitute a license for
 16 the purposes of ORS chapter 183. The commission summarily and without prior administrative
 17 proceedings may revoke a temporary letter of authority at any time if:

18 (a) The commission finds that any of the grounds for refusing a license under ORS 471.313 exist;
 19 or

20 (b) The city or county in which the applicant is located provides evidence of reasonable grounds
 21 to the commission:

22 (A) That the temporary letter of authority should be revoked; or

23 (B) That an off-premises sales license should not be issued.

24 **SECTION 205.** ORS 471.305 is amended to read:

25 471.305. A brewery or a wholesale malt beverage and wine licensee shall deliver malt beverages
 26 only to or on a licensed premises. The sale of alcoholic liquors under any license issued by the
 27 Oregon Liquor [*Control*] and Cannabis Commission authorizing retail sales by a licensee shall be
 28 restricted to the premises described in the license, but deliveries may be made by the licensee to
 29 customers pursuant to bona fide orders received on the licensed premises prior to delivery.

30 **SECTION 206.** ORS 471.311, as amended by section 4, chapter 3, Oregon Laws 2016, is amended
 31 to read:

32 471.311. (1) Any person desiring a license or renewal of a license under this chapter shall make
 33 application to the Oregon Liquor [*Control*] and Cannabis Commission upon forms to be furnished
 34 by the commission showing the name and address of the applicant, location of the place of business
 35 that is to be operated under the license, and such other pertinent information as the commission
 36 may require. A license may not be granted or renewed until the applicant has complied with the
 37 provisions of this chapter and the rules of the commission.

38 (2) The commission may reject any application that is not submitted in the form required by
 39 rule. The commission shall give applicants an opportunity to be heard if an application is rejected.
 40 A hearing under this subsection is not subject to the requirements for contested case proceedings
 41 under ORS chapter 183.

42 (3) The commission shall charge an application fee, not to exceed \$150, to process an application
 43 for the issuance of a new license under this chapter or a license following a change in ownership.
 44 The application fee applies only to an application for a class of license having an annual license fee.
 45 The application fee is nonrefundable, except that the commission shall refund the fee if the applicant

1 completes, submits and maintains an application and the commission does not, on or before 75 days
 2 following receipt of the completed application, propose that the license be granted, granted with
 3 conditions or refused. The commission shall adopt rules to:

- 4 (a) Establish application fees by class of license; and
- 5 (b) Define a completed application for purposes of this subsection.

6 (4) Subject to subsection (5) of this section, the commission shall assess a nonrefundable fee for
 7 processing a renewal application for any license authorized by this chapter only if the renewal ap-
 8 plication is received by the commission less than 20 days before expiration of the license. If the
 9 renewal application is received prior to expiration of the license but less than 20 days prior to ex-
 10 piration, the fee shall be 25 percent of the annual license fee. If a renewal application is received
 11 by the commission after expiration of the license but no more than 30 days after expiration, the fee
 12 shall be 40 percent of the annual license fee. This subsection does not apply to a certificate of ap-
 13 proval, a brewery-public house license or any license that is issued for a period of less than 30 days.

14 (5) The commission may waive the fee imposed under subsection (4) of this section if the com-
 15 mission finds that failure to submit a timely application was due to unforeseen circumstances or to
 16 a delay in processing the application by the local governing authority that is no fault of the licensee.

17 (6) The license fee is nonrefundable and must be paid by each applicant upon the granting or
 18 committing of a license. Subject to ORS 471.155 and 473.065, the annual or daily license fee and the
 19 minimum bond required of each class of license under this chapter are as follows:

License	Minimum Fee	Bond
Brewery, including Certificate		
of Approval	\$ 500	\$ 1,000
Winery	\$ 250	\$ 1,000
Distillery	\$ 100	None
Wholesale Malt Beverage		
and Wine	\$ 275	\$ 1,000
Warehouse	\$ 100	\$ 1,000
Brewery-Public House,		
including Certificate		
of Approval	\$ 250	\$ 1,000
Limited On-Premises Sales	\$ 200	None
Off-Premises Sales	\$ 100	None
Temporary Sales	\$ 50 per day	
Grower sales privilege		
license	\$ 250	\$ 1,000
Special events brewery		
license	\$ 10 per day	
Special events winery		
license	\$ 10 per day	
Special events grower		
sales privilege		
license	\$ 10 per day	

1	Special events	
2	brewery-public house	
3	license	\$ 10 per day
4	Special events	
5	distillery	
6	license	\$ 10 per day

8

9 (7) The fee for a certificate of approval or special certificate of approval granted under ORS
10 471.244 is nonrefundable and must be paid by each applicant upon the granting or committing of a
11 certificate of approval or special certificate of approval. No bond is required for the granting of a
12 certificate of approval or special certificate of approval. Certificates of approval are valid for a pe-
13 riod commencing on the date of issuance and ending on December 31 of the fifth calendar year fol-
14 lowing the calendar year of issuance. The fee for a certificate of approval is \$175. Special
15 certificates of approval are valid for a period of 30 days. The fee for a special certificate of approval
16 is \$10.

17 (8) Except as provided in subsection (9) of this section, the annual license fee for a full on-
18 premises sales license is \$400. No bond is required for any full on-premises sales license.

19 (9) The annual license fee for a full on-premises sales license held by a nonprofit private club
20 as described in ORS 471.175 (8), or held by a nonprofit or charitable organization that is registered
21 with the state, is \$200.

22 (10) The annual fee for a wine self-distribution permit is \$100, and the minimum bond is \$1,000.

23 **SECTION 207.** ORS 471.313 is amended to read:

24 471.313. The Oregon Liquor [*Control*] **and Cannabis** Commission may refuse to license any ap-
25 plicant under the provisions of this chapter if the commission has reasonable ground to believe any
26 of the following to be true:

27 (1) That there are sufficient licensed premises in the locality set out in the application, or that
28 the granting of a license in the locality set out in the application is not demanded by public interest
29 or convenience. In determining whether there are sufficient licensed premises in the locality, the
30 commission shall consider seasonal fluctuations in the population of the locality and shall ensure
31 that there are adequate licensed premises to serve the needs of the locality during the peak seasons.

32 (2) That the applicant has not furnished an acceptable bond as required by ORS 471.311 or is
33 not maintaining the insurance or bond required by ORS 471.168.

34 (3) That, except as allowed by ORS 471.392 to 471.400, any applicant to sell at retail for con-
35 sumption on the premises has been financed or furnished with money or property by, or has any
36 connection with, or is a manufacturer of, or wholesale dealer in, alcoholic liquor.

37 (4) That the applicant:

38 (a) Is in the habit of using alcoholic beverages, habit-forming drugs or controlled substances to
39 excess.

40 (b) Has made false statements to the commission.

41 (c) Is incompetent or physically unable to carry on the management of the establishment pro-
42 posed to be licensed.

43 (d) Has been convicted of violating a general or local law of this state or another state, or of
44 violating a federal law, if the conviction is substantially related to the fitness and ability of the
45 applicant to lawfully carry out activities under the license.

1 (e) Has maintained an insanitary establishment.

2 (f) Is not of good repute and moral character.

3 (g) Did not have a good record of compliance with the alcoholic liquor laws of this state and
4 the rules of the commission when previously licensed.

5 (h) Is not the legitimate owner of the business proposed to be licensed, or other persons have
6 ownership interests in the business which have not been disclosed.

7 (i) Is not possessed of or has not demonstrated financial responsibility sufficient to adequately
8 meet the requirements of the business proposed to be licensed.

9 (j) Is unable to read or write the English language or to understand the laws of Oregon relating
10 to alcoholic liquor or the rules of the commission.

11 (5) That there is a history of serious and persistent problems involving disturbances, lewd or
12 unlawful activities or noise either in the premises proposed to be licensed or involving patrons of
13 the establishment in the immediate vicinity of the premises if the activities in the immediate vicinity
14 of the premises are related to the sale or service of alcohol under the exercise of the license privi-
15 lege. Behavior which is grounds for refusal of a license under this section, where so related to the
16 sale or service of alcohol, includes, but is not limited to obtrusive or excessive noise, music or sound
17 vibrations; public drunkenness; fights; altercations; harassment; unlawful drug sales; alcohol or re-
18 lated litter; trespassing on private property; and public urination. Histories from premises currently
19 or previously operated by the applicant may be considered when reasonable inference may be made
20 that similar activities will occur as to the premises proposed to be licensed. The applicant may
21 overcome the history by showing that the problems are not serious or persistent or that the appli-
22 cant demonstrates a willingness and ability to control adequately the premises proposed to be li-
23 censed and patrons' behavior in the immediate vicinity of the premises which is related to the
24 licensee's sale or service of alcohol under the licensee's exercise of the license privilege.

25 **SECTION 208.** ORS 471.315 is amended to read:

26 471.315. (1) The Oregon Liquor [*Control*] **and Cannabis** Commission may cancel or suspend any
27 license issued under this chapter, or impose a civil penalty in lieu of or in addition to suspension
28 as provided by ORS 471.322, if the commission finds or has reasonable ground to believe any of the
29 following to be true:

30 (a) That the licensee:

31 (A) Has violated any provision of this chapter or ORS 474.115 or any rule of the commission
32 adopted pursuant thereto.

33 (B) Has made any false representation or statement to the commission in order to induce or
34 prevent action by the commission.

35 (C) Is not maintaining an acceptable bond as required by ORS 471.311 or is not maintaining the
36 insurance or bond required by ORS 471.168.

37 (D) Has maintained an insanitary establishment.

38 (E) Is insolvent or incompetent or physically unable to carry on the management of the estab-
39 lishment of the licensee.

40 (F) Is in the habit of using alcoholic liquor, habit-forming drugs or controlled substances to ex-
41 cess.

42 (G) Has knowingly sold alcoholic liquor to persons under 21 years of age or to persons visibly
43 intoxicated at the time of sale.

44 (H) Has allowed the consumption of alcoholic liquor on the licensed premises by a person who
45 is visibly intoxicated at the time of consumption.

1 (I) Has misrepresented to a customer or the public any alcoholic liquor sold by the licensee.

2 (J) Since the granting of the license, has been convicted of a felony, of violating any of the li-
 3 quor laws of this state, general or local, or of any misdemeanor or violation of any municipal ordi-
 4 nance committed on the licensed premises.

5 (b) That any person licensed to sell at retail for consumption on the premises is acting as an
 6 agent of, or is a manufacturer or wholesaler of alcoholic liquors, or has borrowed money or prop-
 7 erty, or has accepted gratuities or rebates, or has obtained the use of equipment from any man-
 8 ufacturer or wholesaler of alcoholic liquor or any agent thereof.

9 (c) That there is a history of serious and persistent problems involving disturbances, lewd or
 10 unlawful activities or noise either in the premises or involving patrons of the establishment in the
 11 immediate vicinity of the premises if the activities in the immediate vicinity of the premises are
 12 related to the sale or service of alcohol under the exercise of the license privilege. Behavior that
 13 is grounds for cancellation or suspension of a license under this section, where so related to the sale
 14 or service of alcohol, includes but is not limited to obtrusive or excessive noise, music or sound vi-
 15 brations; public drunkenness; fights; altercations; harassment or unlawful drug sales; alcohol or re-
 16 lated litter; trespassing on private property; and public urination. Mitigating factors include a
 17 showing by the licensee that the problems are not serious or persistent or that the licensee has
 18 demonstrated a willingness and ability to control adequately the licensed premises and patrons' be-
 19 havior in the immediate vicinity of the premises which is related to the licensee's sale or service
 20 of alcohol under the licensee's exercise of the license privilege.

21 (d) That there is any other reason that, in the opinion of the commission, based on public con-
 22 venience or necessity, warrants canceling or suspending such license.

23 (2) Civil penalties under this section shall be imposed as provided in ORS 183.745.

24 **SECTION 209.** ORS 471.316 is amended to read:

25 471.316. (1) Notwithstanding any other provision of this chapter, the Oregon Liquor [*Control*]
 26 **and Cannabis** Commission shall suspend the license of a licensed premises listed in subsection (4)
 27 of this section if the commission determines that:

28 (a) Unlawful drug use or sales are occurring on the licensed premises;

29 (b) The licensee is aware of the unlawful drug use or sales because of arrests for unlawful drug
 30 sales on the licensed premises or seizures of unlawful drugs on the licensed premises, or because the
 31 licensee or employees of the licensee have personally witnessed unlawful drug use or sales on the
 32 licensed premises; and

33 (c) The licensee fails to take immediate and effective action to prevent unlawful drug use or
 34 sales on the licensed premises.

35 (2) In addition to any suspension imposed under this section, the commission may impose a civil
 36 penalty under the circumstances described in subsection (1) of this section not to exceed the maxi-
 37 mum amount established under ORS 471.322 (2). Notwithstanding ORS 471.322 (1), the commission
 38 shall not allow payment of a civil penalty under this subsection in lieu of the suspension provided
 39 for in subsection (1) of this section. A civil penalty under this section shall be imposed in the man-
 40 ner provided by ORS 183.745.

41 (3) The commission may cancel a license listed in subsection (4) of this section if the license is
 42 suspended under the provisions of this section two or more times within a two-year period.

43 (4) This section applies only to premises licensed under:

44 (a) A full on-premises sales license.

45 (b) A limited on-premises sales license.

1 (c) A brewery-public house license.

2 **SECTION 210.** ORS 471.322 is amended to read:

3 471.322. (1) If a license issued under this chapter or a service permit issued under ORS 471.360
4 is suspended for a period of 30 days or less, the Oregon Liquor [*Control*] **and Cannabis** Commission
5 may impose against the affected licensee or permittee in lieu of or in addition to the suspension a
6 civil penalty fixed by the commission in accordance with subsection (2) of this section if the com-
7 mission is satisfied that such a penalty in lieu of or in addition to suspension is consistent with the
8 purposes of the Liquor Control Act and the Oregon Distilled Liquor Control Act. Upon payment of
9 the penalty in lieu of suspension, the commission shall cancel the suspension.

10 (2) Except as provided in ORS 471.327, the penalty which the commission may impose pursuant
11 to subsection (1) of this section against a licensee shall not be less than \$100 nor more than \$5,000.
12 The penalty which the commission may impose pursuant to subsection (1) of this section against a
13 service permittee shall not be less than \$25 nor more than \$500.

14 (3) Civil penalties under this section shall be imposed as provided in ORS 183.745.

15 **SECTION 211.** ORS 471.326 is amended to read:

16 471.326. If the action of the Oregon Liquor [*Control*] **and Cannabis** Commission in suspending
17 a license or permit issued under this chapter is not sustained upon judicial review under ORS
18 chapter 183, the commission shall promptly refund the amount paid pursuant to ORS 471.322 (1) by
19 check or order drawn on the State Treasurer from the Oregon Liquor [*Control*] **and Cannabis**
20 Commission Account.

21 **SECTION 212.** ORS 471.327 is amended to read:

22 471.327. (1) The Oregon Liquor [*Control*] **and Cannabis** Commission, in suspending any brewery
23 license, wholesale wine license, wholesale malt beverage license, or certificate of approval, may
24 further impose against the licensee or the holder of the certificate of approval a civil penalty not
25 to exceed \$5,000, or, in its discretion, may impose such civil penalty without suspending the license
26 or the certificate of approval.

27 (2) Civil penalties under this section shall be imposed as provided in ORS 183.745.

28 **SECTION 213.** ORS 471.329 is amended to read:

29 471.329. (1) For the purpose of determining whether there is a history of serious and persistent
30 problems involving noise under the provisions of ORS 471.313 (5) and 471.315 (1)(c), or whether the
31 licensee maintains a noisy establishment in violation of the provisions of ORS 471.425:

32 (a) Noise from the inside of a licensed premises located within the boundaries of a city or county
33 that has an ordinance regulating excessive noise may be considered obtrusive or excessive only if
34 the noise violates the ordinance;

35 (b) Noise caused by patrons outside a licensed premises located within the boundaries of a city
36 or county that has an ordinance regulating excessive noise may be considered obtrusive or excessive
37 only if the noise violates the ordinance or if the noise is of a type that a reasonable person would
38 not expect to hear outside a premises licensed for the sale of alcoholic beverages; and

39 (c) Noise caused by patrons inside or outside a licensed premises located within the boundaries
40 of a city or county that does not have an ordinance regulating excessive noise may be considered
41 obtrusive or excessive only if the noise is of the type that a reasonable person would not expect to
42 hear inside or outside a premises licensed for the sale of alcoholic beverages.

43 (2) For the purpose of determining whether noise is obtrusive under the provisions of ORS
44 471.313 (5) and 471.315 (1)(c), or whether the licensee maintains a noisy establishment in violation
45 of the provisions of ORS 471.425, the Oregon Liquor [*Control*] **and Cannabis** Commission shall con-

1 sider whether persons complaining about the noise have taken any action to mitigate the disturb-
2 ance alleged to have been caused by the noise.

3 **SECTION 214.** ORS 471.331 is amended to read:

4 471.331. (1) Whenever the Oregon Liquor [*Control*] **and Cannabis** Commission proposes to refuse
5 to renew or to suspend or cancel any license issued under this chapter because of adverse neigh-
6 borhood impact of the licensee's operation, notwithstanding ORS 183.435, the commission shall grant
7 the affected licensee 20 days from notification of the proposed commission action to request a
8 hearing.

9 (2) Notwithstanding ORS 183.482 (3), the Oregon Liquor [*Control*] **and Cannabis** Commission
10 shall not stay any order refusing a license or suspending or canceling any license if the order was
11 entered on grounds stated in ORS 471.313 (5) or 471.315 (1)(c).

12 **SECTION 215.** ORS 471.333 is amended to read:

13 471.333. (1) Except as provided in subsections (2) and (3) of this section, the Oregon Liquor
14 [*Control*] **and Cannabis** Commission shall not refuse to issue, cancel or suspend a license under ORS
15 471.313, 471.315 or 471.425 for maintaining an insanitary establishment.

16 (2) The commission may refuse to issue, cancel or suspend a license under ORS 471.313, 471.315
17 or 471.425 for maintaining an insanitary establishment in violation of a city ordinance relating to
18 sanitation only if the licensee is convicted of violating the ordinance.

19 (3) The commission may refuse to issue, cancel or suspend a license under ORS 471.313, 471.315
20 or 471.425 for maintaining an insanitary establishment in violation of ORS 447.010 to 447.156 and
21 447.992 or the laws, orders or rules relating to public health of the Oregon Health Authority or the
22 State Department of Agriculture only when the agency charged with enforcing those laws, orders
23 or rules finds that the licensee is in violation of them and renders a final order adverse to the
24 licensee.

25 **SECTION 216.** ORS 471.341 is amended to read:

26 471.341. (1) An employee of an off-premises sales licensee who has been found by the Oregon
27 Liquor [*Control*] **and Cannabis** Commission to have sold alcoholic beverages to a minor, or to have
28 failed to properly verify identification of a person who purchased alcoholic beverages, must attend
29 a clerk training course approved by the commission as a condition of making sales of alcoholic
30 beverages to members of the public under an off-premises sales license.

31 (2) The commission shall by rule establish times for employees to complete a required clerk
32 training course under this section. An employee required to complete a clerk training course under
33 this section may continue to make sales of alcoholic beverages to members of the public until taking
34 such training, but may not make any sales of alcoholic beverages after the expiration of the time
35 allowed by commission rule if the employee has not completed the training before the expiration of
36 that time.

37 (3) Except as provided in subsection (2) of this section, the holder of an off-premises sales license
38 may not allow an employee who has been found by the [*Oregon Liquor Control*] commission to have
39 sold alcoholic beverages to a minor, or to have failed to properly verify identification of a person
40 who purchased alcoholic beverages, to sell alcoholic beverages under the license unless the em-
41 ployee completes a clerk training course as required by this section.

42 (4) The [*Oregon Liquor Control*] commission, as part of the Alcohol Education Program estab-
43 lished under ORS 471.541, shall approve all clerk training courses offered for the purpose of this
44 section. The holder of an off-premises sales license may establish a clerk training course for em-
45 ployees of the licensee, but the course must be approved by the commission to meet the require-

1 ments of this section. Clerk training courses approved under this section must address at least the
2 following topics:

3 (a) The importance of not selling alcoholic beverages to minors and visibly intoxicated persons.

4 (b) Guidelines for recognizing minors and visibly intoxicated persons.

5 (c) Guidelines for checking and verifying identification, and for recognizing false or altered
6 identification.

7 (d) Recommended approaches for refusing sales of alcoholic beverages to minors and visibly
8 intoxicated persons.

9 (5) If an employee of an off-premises sales licensee is found to have sold alcoholic beverages to
10 a minor, or to have failed to properly verify identification of a person who purchased alcoholic
11 beverages, the commission shall notify the licensee that the employee must complete a clerk training
12 course approved under this section and may not sell alcoholic beverages to members of the public
13 after the time established by the commission unless the employee completes the training within the
14 time allowed. If the off-premises sales licensee offers a clerk training course to new employees, and
15 the employee has previously completed that course, the requirements of this section may be met by
16 retaking the clerk training course if the course has been approved by the commission for the pur-
17 poses of this section.

18 (6) Upon completion of a clerk training course by an employee of an off-premises sales licensee
19 pursuant to the requirements of this section, the off-premises sales licensee that employs the person
20 must notify the commission in writing that the employee has successfully completed the training.
21 The notification must include the name and address of the employee, the name of the clerk training
22 course attended by the employee, and the date or dates on which the course was attended. The no-
23 tification shall be kept by the commission in the licensee's file.

24 (7) The commission shall assess and collect a fee not to exceed \$13 from each person required
25 to attend a clerk training course under this section. Amounts collected under this section shall be
26 used for the administrative expenses incurred by the commission in the performance of the
27 commission's duties under the Alcohol Education Program.

28 (8) In addition to any other penalty provided for by law, the commission may impose a civil
29 penalty against any employee of an off-premises sales licensee who sells alcoholic beverages to
30 members of the public and who is prohibited from making those sales under this section. A civil
31 penalty under this subsection may not exceed \$500. Civil penalties under this subsection shall be
32 imposed by the commission in the manner provided by ORS 183.745.

33 **SECTION 217.** ORS 471.342 is amended to read:

34 471.342. Upon finding that a retail licensee, as defined in ORS 471.392, or an employee of a retail
35 licensee has sold alcoholic beverages to a minor, or has failed to properly verify identification of a
36 person who purchased alcoholic beverages, the Oregon Liquor [*Control*] and Cannabis Commission
37 may allow the licensee, in lieu of a civil penalty or denial, suspension or cancellation of the license,
38 to acquire and use equipment designed to prevent sales of alcoholic beverages to minors.

39 **SECTION 218.** ORS 471.344 is amended to read:

40 471.344. (1) The Oregon Liquor [*Control*] and Cannabis Commission shall by rule establish a
41 responsible vendor program. The program shall include a list of positive measures that a licensee
42 must take to avoid sales of alcoholic beverages to minors. Any person holding a liquor license that
43 authorizes the person to sell alcoholic beverages at retail may participate in the program.

44 (2) If a licensee participates in the responsible vendor program and takes all measures specified
45 by the program as necessary to prevent sales of alcoholic beverages to minors, the commission may

1 not cancel the license of the licensee, or deny issuance of a license to the licensee, based on sales
2 of alcoholic beverages to minors by employees of the licensee.

3 **SECTION 219.** ORS 471.346 is amended to read:

4 471.346. (1) The Oregon Liquor [*Control*] **and Cannabis** Commission shall by rule develop uni-
5 form standards for minor decoy operations used to investigate licensees and agents operating stores
6 on behalf of the commission under ORS 471.750 for violations of the laws of this state prohibiting
7 sales of alcoholic beverages to minors. Uniform standards established by the commission under this
8 section apply to all investigations conducted by the commission that use minor decoys. The com-
9 mission shall encourage all law enforcement agencies of this state to use the uniform standards es-
10 tablished under this section for minor decoy operations conducted by the law enforcement agencies.

11 (2) To the greatest extent possible, the uniform standards established by the commission under
12 this section:

13 (a) Shall be the same for minor decoy operations conducted by the commission and for minor
14 decoy operations conducted by law enforcement agencies of this state; and

15 (b) Shall provide for coordination between the commission and law enforcement agencies of this
16 state in conducting minor decoy operations.

17 (3) The uniform standards established by the commission under this section shall provide that
18 minor decoy operations must be conducted on either a random or a targeted basis in cities with
19 populations of 20,000 or more. Random minor decoy operations shall cover a range of retail outlets.
20 Targeted minor decoy operations may be conducted for a single licensee or agent, but may be used
21 only if there is a documented compliance problem with the specific licensee or agent that is the
22 target of the operation. For the purpose of implementing standards for random minor decoy oper-
23 ations under this subsection, the commission shall by rule adopt a methodology that produces, to the
24 greatest extent possible, an equal chance that any licensee or agent will be subject to a minor decoy
25 operation.

26 (4) Except as provided in subsection (5) of this section, the failure of the commission or of a law
27 enforcement agency to follow uniform standards established by the commission under this section
28 is not grounds for challenging any complaint, citation or conviction for violation of the laws pro-
29 hibiting the sale of alcoholic beverages to minors.

30 (5) In determining whether to impose sanctions based on multiple violations of the laws of this
31 state prohibiting sales of alcoholic beverages to minors, the commission may not consider any com-
32 plaint filed against a licensee for selling alcoholic beverages to a minor, citation issued to a licensee
33 for selling alcoholic beverages to a minor or conviction of a licensee for selling alcoholic beverages
34 to a minor if the complaint, citation or conviction arose out of a minor decoy operation that was
35 not conducted pursuant to the uniform standards established by the commission under this section.

36 (6) Notwithstanding any other provision of this chapter, the commission may not consider any
37 sale of alcoholic beverages to a minor that results from a minor decoy operation that is not con-
38 ducted in compliance with the standards established under this section for the purpose of imposing
39 any civil penalty against a licensee, making a decision on the renewal, suspension or cancellation
40 of a license issued under this chapter or otherwise sanctioning a licensee for the sale of alcoholic
41 beverages to a minor.

42 (7) The commission shall give notice of the uniform standards established under this section to
43 all law enforcement agencies of this state that conduct minor decoy operations.

44 **SECTION 220.** ORS 471.351 is amended to read:

45 471.351. (1) The Oregon Liquor [*Control*] **and Cannabis** Commission has the right after 72 hours'

1 notice to the owner or the agent of the owner to make an examination of the books and may at any
 2 time make an examination of the premises of any person licensed under this chapter, or to check
 3 the alcoholic content of liquors carried by the licensee, for the purpose of determining compliance
 4 with this chapter and the rules of the commission.

5 (2) The commission shall not require the books of any licensee to be maintained on the premises
 6 of the licensee.

7 **SECTION 221.** ORS 471.360 is amended to read:

8 471.360. (1) Except as otherwise provided in ORS 471.375:

9 (a) Any person employed by a licensee of the Oregon Liquor [*Control*] and Cannabis Commission
 10 must have a valid service permit issued by the commission if the person:

11 (A) Participates in any manner in the mixing, selling or service of alcoholic liquor for con-
 12 sumption on the premises where served or sold; or

13 (B) Participates in the dispensing of malt beverages, wines or cider sold in securely covered
 14 containers provided by the consumer.

15 (b) A licensee of the commission may not permit any person who lacks a service permit required
 16 of the person under paragraph (a) of this subsection:

17 (A) To mix, sell or serve any alcoholic liquor for consumption on licensed premises; or

18 (B) To dispense malt beverages, wines or cider sold in securely covered containers provided by
 19 the consumer.

20 (c) A permittee shall make the service permit available at any time while on duty for immediate
 21 inspection by any regulatory specialist or by any other peace officer.

22 (2) The commission may waive the requirement for a service permit for an employee of a
 23 licensee whose primary function is not the sale of alcoholic liquor or food, including but not limited
 24 to public passenger carriers, hospitals, or convalescent, nursing or retirement homes.

25 **SECTION 222.** ORS 471.380 is amended to read:

26 471.380. (1) The Oregon Liquor [*Control*] and Cannabis Commission may refuse to grant a ser-
 27 vice permit if it has reasonable grounds to believe any of the following to be true:

28 (a) That the applicant is in the habit of using alcoholic beverages or controlled substances to
 29 excess.

30 (b) That the applicant has made false statements to the commission.

31 (c) That the applicant is incompetent or physically incapable of performing the duties of a
 32 permittee.

33 (d) That the applicant has been convicted of violating any of the alcoholic liquor laws of this
 34 state, general or local, or has been convicted at any time of a felony.

35 (e) That the application has not been indorsed as required by ORS 471.375.

36 (f) That the applicant has not completed the alcohol server education course and examination
 37 required by ORS 471.542.

38 (2) Notwithstanding ORS 183.435, an applicant who seeks review of the refusal of a service
 39 permit must request a hearing:

40 (a) Within 15 days after notification of the refusal, if the refusal is based on failure to complete
 41 the alcohol server education course and examination; or

42 (b) Within 30 days after notification of the refusal, if the refusal is based on any grounds other
 43 than failure to complete the alcohol server education course and examination.

44 **SECTION 223.** ORS 471.385 is amended to read:

45 471.385. (1) The Oregon Liquor [*Control*] and Cannabis Commission may revoke or suspend a

1 service permit, or impose a civil penalty in lieu of or in addition to suspension as provided by ORS
 2 471.322, if it finds or has reasonable grounds to believe any of the following to be true:

3 (a) That the permittee has made false statements to the commission.

4 (b) That the permittee has been convicted of a felony, of violating any of the liquor laws of the
 5 state, general or local, or any misdemeanor or violation of any municipal ordinance committed on
 6 the licensed premises.

7 (c) That the permittee has performed or permitted any act which would constitute a violation
 8 of any provision of this chapter or any rule of the commission, if the act were performed or per-
 9 mitted by any licensee of the commission.

10 (2) The issuance, suspension or revocation of a permit under ORS 471.360 to 471.390 does not
 11 relieve a licensee from responsibility for any act of an employee on the licensee's premises.

12 (3) When there has been a violation of this chapter or any rule adopted thereunder upon any
 13 premises licensed by the commission, the commission may revoke or suspend either the service
 14 permit of the employee who violated the law or rule or the license of the licensee upon whose
 15 premises the violation occurred, or both the permit and the license.

16 (4) The commission may revoke or suspend any license issued by the commission if the licensee
 17 knowingly indorses a person's application for a permit when the person has been refused a permit
 18 or has had a permit suspended or revoked, or when the licensee fails to comply with any provision
 19 to be performed by the licensee under ORS 471.360 to 471.390.

20 (5) Civil penalties under this section shall be imposed as provided in ORS 183.745.

21 **SECTION 224.** ORS 471.390 is amended to read:

22 471.390. (1) If a service permit issued under ORS 471.360 to 471.390 is lost, mutilated or de-
 23 stroyed, the permittee shall apply immediately for a duplicate permit on a form to be supplied by the
 24 Oregon Liquor [Control] and Cannabis Commission and submit a fee of \$5.

25 (2) If a permittee changes name by marriage or otherwise, the permittee shall apply immediately
 26 for a new service permit by forwarding the permit and evidence of the change of name to the com-
 27 mission with an application and a fee of \$5.

28 **SECTION 225.** ORS 471.396 is amended to read:

29 471.396. (1) The prohibitions of ORS 471.394 (1) do not apply to persons holding winery licenses,
 30 grower sales privilege licenses, brewery-public house licenses, distillery licenses or brewery licenses,
 31 to the extent that retail sales are authorized by the statutes establishing the privileges of each li-
 32 cense.

33 (2)(a) The prohibitions of ORS 471.394 (2) and (3) do not apply to a person who wholesales al-
 34 coholic liquor and who is not required to be licensed under the provisions of this chapter if the re-
 35 tail licensee does not sell any brand of alcoholic liquor sold or distributed by the person and does
 36 not sell any brand of alcoholic liquor produced by any manufacturer doing business with the person
 37 selling at wholesale.

38 (b) The prohibitions of ORS 471.394 (2) and (3) do not apply to a manufacturer of alcoholic liquor
 39 if the retail licensee does not sell any brand of alcoholic liquor sold, distributed or produced by the
 40 manufacturer and does not sell any brand of alcoholic liquor sold, distributed or produced by any
 41 subsidiary or other business entity that the manufacturer owns or manages, or that the manufac-
 42 turer exercises control over.

43 (3) The prohibitions of ORS 471.394 do not apply solely by reason of the family relationship of
 44 a spouse or family member to a manufacturer or wholesaler if:

45 (a) The manufacturer or wholesaler is licensed by the Oregon Liquor [Control] and Cannabis

1 Commission to sell alcoholic liquor at wholesale;

2 (b) The license authorizing sale of alcoholic liquor at wholesale was first issued before January
3 1, 1965, and has been held continuously since that date;

4 (c) The spouse or family member holds or seeks a license that authorizes the retail sale of al-
5 coholic liquor for off-premises consumption only; and

6 (d) The manufacturer or wholesaler does not directly or indirectly sell alcoholic liquor to the
7 spouse or family member.

8 (4) The prohibitions of ORS 471.394 do not apply solely by reason of the family relationship of
9 a spouse or family member to the retail licensee if the manufacturer or wholesaler is licensed by the
10 commission to sell alcoholic liquor at wholesale and does not directly or indirectly sell alcoholic
11 liquor to the spouse or family member.

12 (5) Notwithstanding ORS 471.394, a manufacturer or wholesaler, and any officer, director or
13 substantial stockholder of any corporate manufacturer or wholesaler, may hold, directly or indi-
14 rectly, an interest in a full or limited on-premises sales licensee, provided that the interest does not
15 result in exercise of control over, or participation in the management of, the licensee's business or
16 business decisions, and does not result in exclusion of any competitor's brand of alcoholic liquor.

17 (6) Notwithstanding ORS 471.394, a full or limited on-premises sales licensee, and any officer,
18 director or substantial stockholder of any corporate full or limited on-premises sales licensee, may
19 hold, directly or indirectly, an interest in a manufacturer or wholesaler, provided that the interest
20 does not result in exercise of control over, or participation in the management of, the
21 manufacturer's or wholesaler's business or business decisions, and does not result in exclusion of
22 any competitor's brand of alcoholic liquor.

23 (7) Notwithstanding ORS 471.394, an institutional investor with a financial interest in a whole-
24 saler or manufacturer may hold, directly or indirectly, an interest in a retail licensee unless the
25 institutional investor controls, is controlled by, or is under common control with, a wholesaler or
26 manufacturer. Notwithstanding ORS 471.394, an institutional investor with a financial interest in
27 a retail licensee may hold, directly or indirectly, an interest in a wholesaler or manufacturer unless
28 the institutional investor controls, is controlled by, or is under common control with, a retail
29 licensee. The provisions of this subsection apply only to an institutional investor that is a state or
30 federally chartered bank, a state or federally chartered mutual savings bank, a mutual fund or
31 pension fund, or a private investment firm. The principal business activity of the institutional in-
32 vestor must be the investment of capital provided by depositors, participants or investors. The in-
33 stitutional investor must maintain a diversified portfolio of investments. The majority of the
34 institutional investor's investments may not be in businesses that manufacture, distribute or other-
35 wise sell alcoholic beverages. The institutional investor, and the officers, directors, substantial
36 shareholders, partners, employees and agents of the institutional investor, may not participate in
37 management decisions relating to the sale or purchase of alcoholic beverages made by a licensee in
38 which the institutional investor holds an interest.

39 (8) Notwithstanding ORS 471.394, a member of the board of directors of a parent company of a
40 corporation that is a manufacturer may serve on the board of directors of a parent company of a
41 corporation that is a retail licensee if:

42 (a) The manufacturer or parent company of a manufacturer is listed on a national security ex-
43 change;

44 (b) All purchases of alcoholic beverages by the retail licensee are made from holders of whole-
45 sale malt beverage and wine licenses, brewery licenses or winery licenses in this state;

1 (c) The interest of the member of the board of directors does not result in the exclusion of any
2 competitor's brand of alcoholic beverages on the licensed premises of the retail licensee; and

3 (d) The sale of goods and services other than alcoholic beverages by the retail licensee exceeds
4 50 percent of the gross receipts of the business conducted by the retail licensee on the licensed
5 premises.

6 **SECTION 226.** ORS 471.400 is amended to read:

7 471.400. (1) Notwithstanding ORS 471.394 and 471.398, a manufacturer or wholesaler may lease
8 or furnish picnic pumps, cold plates, tubs, refrigerated trailers, refrigerated vans and refrigerated
9 draft systems to a retail licensee if the equipment is leased or furnished for a special event, if a
10 reasonable rental or service fee is charged for the equipment and if the period that the equipment
11 is leased or furnished does not exceed 10 days.

12 (2) Notwithstanding ORS 471.394 and 471.398, the Oregon Liquor [*Control*] **and Cannabis** Com-
13 mission may specify by rule the manner and circumstances under which a manufacturer or whole-
14 saler may provide products and services to a nonprofit special licensee.

15 (3)(a) Notwithstanding ORS 471.394 and 471.398, the commission shall allow the sale of nonal-
16 coholic products in the manner in which the nonalcoholic product is sold by a manufacturer or
17 wholesaler not licensed by the commission. The commission may limit merchandising practices in-
18 volving nonalcoholic products if the commission finds that the limitations are necessary to prevent
19 abuses of ORS 471.394 and 471.398 by the industry as a whole.

20 (b) Any fixtures, equipment or furnishings provided by a manufacturer or wholesaler in
21 furtherance of the sale of nonalcoholic products may not be used by the retail licensee to store,
22 service, display, advertise, furnish or sell, or aid in the sale of, alcoholic products regulated by the
23 commission. All such fixtures, equipment or furnishings must be identified by the retail licensee as
24 being furnished by a licensed manufacturer or wholesaler.

25 **SECTION 227.** ORS 471.403 is amended to read:

26 471.403. (1) Except as provided in this section, a person may not brew, ferment, distill, blend or
27 rectify any alcoholic liquor unless licensed so to do by the Oregon Liquor [*Control*] **and Cannabis**
28 Commission.

29 (2) The holder of a brewery-public house license or a brewery license may allow patrons to brew
30 malt beverages not to exceed 14 percent alcoholic content by volume if the brewing is conducted
31 under the direct supervision of the licensee or employees of the licensee. Malt beverages produced
32 under this subsection may not be sold by the patron.

33 (3) The holder of a winery license may allow patrons to make wine if the winemaking is con-
34 ducted under the direct supervision of the licensee or employees of the licensee. Wine produced
35 under this subsection may not be sold by the patron.

36 (4) A person may make homemade beer, wine and fermented fruit juice as authorized under ORS
37 471.037. A person may provide assistance to another in making the homemade beer, wine or
38 fermented fruit juice, if the person does not receive financial consideration as defined in ORS
39 471.037 for providing the assistance.

40 **SECTION 228.** ORS 471.404 is amended to read:

41 471.404. (1) Alcoholic liquor may not be imported into this state by any person other than a
42 holder of a brewery, winery, distillery or wholesaler's license, except as follows:

43 (a) Alcoholic liquor ordered by and en route to the Oregon Liquor [*Control*] **and Cannabis**
44 Commission, under a certificate of approval issued by the commission.

45 (b) Wines for sacramental purposes according to rules adopted by the commission.

1 (c) Alcoholic liquor that is in transit on a common carrier to a destination outside Oregon.

2 (d) Alcoholic liquor coming into Oregon on a common carrier according to orders placed by a
3 licensed brewery, winery or wholesaler.

4 (e) Grain and ethyl alcohol for scientific, pharmaceutical, manufacturing, mechanical or indus-
5 trial use, under a certificate of approval issued by the commission.

6 (f) Wine or cider that is sold and transported by the holder of a wine self-distribution permit to
7 a retail licensee that has the endorsement described in ORS 471.274 (5).

8 (g) Malt beverages, wine or cider shipped directly to a resident of this state under a direct
9 shipper permit issued pursuant to ORS 471.282.

10 (2) The commission may require importers of alcoholic liquor to pay a reasonable handling fee
11 based on the quantity and type of alcoholic liquor being imported.

12 **SECTION 229.** ORS 471.405 is amended to read:

13 471.405. (1) No person shall peddle or deliver alcoholic beverages to or at any place, where,
14 without a license, alcoholic beverages are sold or offered for sale. No licensee shall sell or offer for
15 sale any alcoholic beverage in a manner, or to a person, other than the license permits the licensee
16 to sell.

17 (2) No person shall purchase, possess, transport or import, except for sacramental purposes, an
18 alcoholic beverage unless it is procured from or through the Oregon Liquor [*Control*] **and Cannabis**
19 Commission, except as provided otherwise in the Liquor Control Act.

20 (3) No person not licensed under the Liquor Control Act shall sell, solicit, take orders for or
21 peddle alcoholic beverages.

22 (4) Notwithstanding the provisions of subsection (2) of this section, an individual entering the
23 state may have in possession an amount not to exceed four liters (135.2 fluid ounces) of distilled li-
24 quor, two cases of wine or cider (620 fluid ounces) and two cases of malt beverages (576 fluid
25 ounces). These quantities of alcoholic beverages are exempt from fees collected by the commission.

26 (5) Upon conviction for unlawfully purchasing or importing alcoholic beverages into this state,
27 the person convicted shall forfeit to the commission the alcoholic beverage so purchased or im-
28 ported. The commission shall thereupon seize the forfeited beverage and it shall then become the
29 commission's property.

30 **SECTION 230.** ORS 471.410 is amended to read:

31 471.410. (1) A person may not sell, give or otherwise make available any alcoholic liquor to any
32 person who is visibly intoxicated.

33 (2) No one other than the person's parent or guardian may sell, give or otherwise make available
34 any alcoholic liquor to a person under the age of 21 years. A parent or guardian may give or oth-
35 erwise make alcoholic liquor available to a person under the age of 21 years only if the person is
36 in a private residence and is accompanied by the parent or guardian. A person violates this sub-
37 section who sells, gives or otherwise makes available alcoholic liquor to a person with the knowl-
38 edge that the person to whom the liquor is made available will violate this subsection.

39 (3)(a) A person who exercises control over private real property may not knowingly allow any
40 other person under the age of 21 years who is not a child or minor ward of the person to consume
41 alcoholic liquor on the property, or allow any other person under the age of 21 years who is not a
42 child or minor ward of the person to remain on the property if the person under the age of 21 years
43 consumes alcoholic liquor on the property.

44 (b) This subsection:

45 (A) Applies only to a person who is present and in control of the location at the time the con-

1 sumption occurs;

2 (B) Does not apply to the owner of rental property, or the agent of an owner of rental property,
3 unless the consumption occurs in the individual unit in which the owner or agent resides; and

4 (C) Does not apply to a person who exercises control over a private residence if the liquor
5 consumed by the person under the age of 21 years is supplied only by an accompanying parent or
6 guardian.

7 (4) This section does not apply to sacramental wine given or provided as part of a religious rite
8 or service.

9 (5) Except as provided in subsections (6) and (7) of this section, a person who violates subsection
10 (1) or (2) of this section commits a Class A misdemeanor. Upon violation of subsection (2) of this
11 section, the court shall impose at least a mandatory minimum sentence as follows:

12 (a) Upon a first conviction, a fine of at least \$500.

13 (b) Upon a second conviction, a fine of at least \$1,000.

14 (c) Upon a third or subsequent conviction, a fine of at least \$1,500 and not less than 30 days
15 of imprisonment.

16 (6)(a) A person who violates subsection (2) of this section is subject to the provisions of this
17 subsection if the person does not act knowingly or intentionally and:

18 (A) Is licensed or appointed under this chapter; or

19 (B) Is an employee of a person licensed or appointed under this chapter and holds a valid service
20 permit or has attended a program approved by the Oregon Liquor [*Control*] **and Cannabis** Commis-
21 sion that provides training to avoid violations of this section.

22 (b) For a person described in paragraph (a) of this subsection:

23 (A) A first conviction is a Class A violation.

24 (B) A second conviction is a specific fine violation, and the presumptive fine for the violation
25 is \$860.

26 (C) A third conviction is a Class A misdemeanor. The court shall impose a mandatory fine of
27 not less than \$1,000.

28 (D) A fourth or subsequent conviction is a Class A misdemeanor. The court shall impose a
29 mandatory fine of not less than \$1,000 and a mandatory sentence of not less than 30 days of
30 imprisonment.

31 (7) For an employee of an off-premises sales licensee who violates subsection (2) of this section
32 while operating a checkout device and does not act knowingly or intentionally, a first conviction is
33 a Class A violation.

34 (8) The court may waive an amount that is at least \$200 but not more than one-third of the fine
35 imposed under subsection (5) of this section, if the violator performs at least 30 hours of community
36 service.

37 (9) Except as provided in subsection (8) of this section, the court may not waive or suspend
38 imposition or execution of the mandatory minimum sentence required by subsection (5) or (6) of this
39 section. In addition to the mandatory sentence, the court may require the violator to make
40 restitution for any damages to property where the alcoholic liquor was illegally consumed or may
41 require participation in volunteer service to a community service agency.

42 (10)(a) Except as provided in paragraph (b) of this subsection, a person who violates subsection
43 (3) of this section commits a Class A violation.

44 (b) A second or subsequent violation of subsection (3) of this section is a specific fine violation,
45 and the presumptive fine for the violation is \$1,000.

1 (11) Nothing in this section prohibits any licensee under this chapter from allowing a person
2 who is visibly intoxicated from remaining on the licensed premises so long as the person is not sold
3 or served any alcoholic liquor.

4 **SECTION 231.** ORS 471.412 is amended to read:

5 471.412. (1) A licensee or permittee may not allow a person to consume or to continue to con-
6 sume alcoholic beverages on the licensed premises after observing that the person is visibly
7 intoxicated.

8 (2) A licensee or permittee is not in violation of subsection (1) of this section if the licensee or
9 permittee makes a good faith effort to remove any unconsumed alcoholic beverages from the
10 person's possession when the licensee or permittee observes that the person is visibly intoxicated.

11 (3) Nothing in this section applies to determining liability under ORS 471.565.

12 (4) Notwithstanding any other provision of law, the Oregon Liquor [Control] **and Cannabis**
13 Commission shall only impose letters of reprimand for the first three violations of this section within
14 a two-year period. For license renewal purposes, the first three violations of this section in a two-
15 year period do not apply in determining the past record of compliance under ORS 471.313 (4)(g).

16 **SECTION 232.** ORS 471.425 is amended to read:

17 471.425. (1) No person shall make false representations or statements to the Oregon Liquor
18 [Control] **and Cannabis** Commission in order to induce or prevent action by the commission.

19 (2) No licensee of the commission shall maintain a noisy, lewd, disorderly or insanitary estab-
20 lishment or supply impure or otherwise deleterious alcoholic beverages.

21 (3) No licensee of the commission shall misrepresent to a customer or to the public any alcoholic
22 liquor sold by such licensee.

23 **SECTION 233.** ORS 471.430 is amended to read:

24 471.430. (1) A person under 21 years of age may not attempt to purchase, purchase or acquire
25 alcoholic beverages. Except when such minor is in a private residence accompanied by the parent
26 or guardian of the minor and with such parent's or guardian's consent, a person under 21 years of
27 age may not have personal possession of alcoholic beverages.

28 (2) For the purposes of this section, personal possession of alcoholic beverages includes the ac-
29 ceptance or consumption of a bottle of such beverages, or any portion thereof or a drink of such
30 beverages. However, this section does not prohibit the acceptance or consumption by any person
31 of sacramental wine as part of a religious rite or service.

32 (3) Except as authorized by rule or as necessitated in an emergency, a person under 21 years
33 of age may not enter or attempt to enter any portion of a licensed premises that is posted or oth-
34 erwise identified as being prohibited to the use of minors.

35 (4)(a) Except as provided in paragraph (b) of this subsection, a person who violates subsection
36 (1) or (3) of this section commits a Class B violation.

37 (b) A person commits a Class A violation if the person violates subsection (1) of this section by
38 reason of personal possession of alcoholic beverages while the person is operating a motor vehicle,
39 as defined in ORS 801.360.

40 (5) In addition to and not in lieu of any other penalty established by law, a person under 21
41 years of age who violates subsection (1) of this section through misrepresentation of age may be
42 required to perform community service and the court shall order that the person's driving privileges
43 and right to apply for driving privileges be suspended for a period not to exceed one year. If a court
44 has issued an order suspending driving privileges under this section, the court, upon petition of the
45 person, may withdraw the order at any time the court deems appropriate. The court notification to

1 the Department of Transportation under this subsection may include a recommendation that the
2 person be granted a hardship permit under ORS 807.240 if the person is otherwise eligible for the
3 permit.

4 (6) If a person cited under this section is at least 13 years of age but less than 21 years of age
5 at the time the person is found in default under ORS 153.102 or 419C.472 for failure to appear, in
6 addition to and not in lieu of any other penalty, the court shall issue notice under ORS 809.220 to
7 the department for the department to suspend the person's driving privileges under ORS 809.280 (4).

8 (7) In addition to and not in lieu of any penalty established by law, the court may order a person
9 who violates this section to undergo assessment and treatment as provided in ORS 471.432. The
10 court shall order a person to undergo assessment and treatment as provided in ORS 471.432 if the
11 person has previously been found to have violated this section.

12 (8) The prohibitions of this section do not apply to a person under 21 years of age who is acting
13 under the direction of the Oregon Liquor [*Control*] **and Cannabis** Commission or under the direction
14 of state or local law enforcement agencies for the purpose of investigating possible violations of
15 laws prohibiting sales of alcoholic beverages to persons who are under 21 years of age.

16 (9) The prohibitions of this section do not apply to a person under 21 years of age who is acting
17 under the direction of a licensee for the purpose of investigating possible violations by employees
18 of the licensee of laws prohibiting sales of alcoholic beverages to persons who are under 21 years
19 of age.

20 (10)(a) A person under 21 years of age is not in violation of, and is immune from prosecution
21 under, this section if:

22 (A) The person contacted emergency medical services or a law enforcement agency in order to
23 obtain medical assistance for another person who was in need of medical assistance due to alcohol
24 consumption and the evidence of the violation of this section was obtained as a result of the person's
25 having contacted emergency medical services or a law enforcement agency; or

26 (B) The person was in need of medical assistance due to alcohol consumption and the evidence
27 of the violation of this section was obtained as a result of the person's having sought or obtained
28 the medical assistance.

29 (b) Paragraph (a) of this subsection does not exclude the use of evidence obtained as a result
30 of a person's having sought medical assistance in proceedings for crimes or offenses other than a
31 violation of this section.

32 **SECTION 234.** ORS 471.442 is amended to read:

33 471.442. (1) No wine or cider shall be sold or offered for sale within this state unless it complies
34 with the minimum standards fixed pursuant to law.

35 (2) The Oregon Liquor [*Control*] **and Cannabis** Commission may require a manufacturer,
36 importer or wholesaler to provide samples of a particular wine or cider, and to provide a laboratory
37 analysis demonstrating to the satisfaction of the commission that the particular wine or cider com-
38 plies with the minimum standards in this state.

39 (3) No wine or cider offered for sale within this state may be altered or tampered with in any
40 way by any person not licensed to do so by the commission.

41 (4) The commission may prohibit the sale of any wine or cider for a reasonable period of time
42 while it is determining whether the wine or cider complies with minimum standards in this state.

43 **SECTION 235.** ORS 471.446 is amended to read:

44 471.446. (1) No retail licensee shall purchase any wine or cider for resale except in sealed con-
45 tainers, the seals of which shall remain unbroken when it is sold for consumption off the premises.

1 (2) The Oregon Liquor [*Control*] **and Cannabis** Commission may refuse to sell, or may prohibit
2 any licensee from selling, any brand of alcoholic liquor which in its judgment is deceptively labeled
3 or branded as to content, or contains injurious or adulterated ingredients.

4 **SECTION 236.** ORS 471.473 is amended to read:

5 471.473. (1) A person appointed to operate a store established by the Oregon Liquor [*Control*]
6 **and Cannabis** Commission under ORS 471.750 qualifies for the payment of business loss compen-
7 sation under this section if:

8 (a) The system for selling containers of distilled liquor at retail in this state changes after the
9 person assumes operation of the store; and

10 (b) The system change results from a law that prohibits the commission from purchasing or
11 selling distilled liquor.

12 (2) The purpose of business loss compensation is to offset the actual or presumed sales reduction
13 and actual or perceived devaluation of a liquor store business following a system change described
14 in subsection (1) of this section. The commission shall pay a person qualifying under this section
15 business loss compensation equal to four percent of the average annual gross distilled liquor sales
16 made by the store during the five years that preceded the system change, whether or not the person
17 was the store operator during the entire five-year period. If the store has operated less than five
18 years prior to the system change, the commission shall pay compensation equal to four percent of
19 the average annual gross distilled liquor sales made by the store prior to the system change.

20 (3)(a) The commission shall pay any business loss compensation due under this section from the
21 suspense account described in ORS 471.805. Except as otherwise required by federal or state law
22 or by contract, the commission shall give the payment of business loss compensation priority over
23 the payment of other debts from the suspense account.

24 (b) Notwithstanding ORS 279A.250 to 279A.290 or the revolving fund balance limit established
25 in ORS 471.805, if a change in the system for selling containers of distilled liquor at retail in this
26 state results in business loss compensation being payable under this section, and the commission
27 declares within five years after the system change that a warehouse established by the commission
28 under ORS 471.750 or the inventory of the commission is surplus property, the net proceeds from
29 sale of the warehouse or inventory remaining after deduction of sales costs shall be deposited to the
30 suspense account described in ORS 471.805. All moneys deposited under this paragraph shall be kept
31 in a subaccount within the suspense account that indicates the source of the moneys.
32 Notwithstanding ORS 471.805, moneys deposited to the suspense account under this paragraph may
33 not be transferred to the Oregon Liquor [*Control*] **and Cannabis** Commission Account if any busi-
34 ness loss compensation is owed and remains unpaid. This paragraph does not restrict the source for
35 paying business loss compensation from the suspense account or alter the priority of business loss
36 compensation payment established in paragraph (a) of this subsection.

37 (4) If a person that receives business loss compensation under this section brings any action
38 against the commission for damages resulting from a change in the system for selling containers of
39 distilled liquor at retail in this state, the business loss compensation received by the person as a
40 result of that system change shall be an offset against any damages awarded the person in the
41 action. This subsection does not create any new cause of action.

42 (5) Business loss compensation received by a person under this section does not affect the
43 claiming of any tax deduction by the person for depreciation of equipment, fixtures or other property
44 improvements, but is ordinary business income of the person, taxable as provided by law.

45 **SECTION 237.** ORS 471.475 is amended to read:

1 471.475. No person who owns, operates or conducts a private or public club or place and who
2 is not in possession of a license issued by the Oregon Liquor *[Control]* **and Cannabis** Commission
3 permitting the mixing, storing and serving of alcoholic liquor at said premises, and no agent, servant
4 or employee of such person, for a financial consideration by way of a charge for service, membership
5 fee, admission fee, initiation fee, club dues, contributions, or other fee or charge, shall serve or
6 permit to be served, or use or permit to be used, any room, place, bar, glasses, mixers, locker,
7 storage place, chairs, tables, cash registers, music devices, furniture, furnishings, equipment or fa-
8 cilities, for the mixing, storing, serving or drinking of alcoholic liquor.

9 **SECTION 238.** ORS 471.478 is amended to read:

10 471.478. On and after January 1, 1978:

11 (1) The Oregon Liquor *[Control]* **and Cannabis** Commission by rule shall require the identifica-
12 tion of kegs of malt beverages sold directly to consumers who are not licensees of the commission
13 and the signing of a receipt therefor by the purchaser in order to allow the kegs to be traced if the
14 contents are consumed in violation of the Liquor Control Act. The keg identification shall be in the
15 form of a numbered label prescribed and supplied by the commission which identifies the seller and
16 which is removable or obliterated when the keg is processed for refilling. The receipt shall be on
17 a form prescribed and supplied by the commission and shall include the name and address of the
18 purchaser; motor vehicle operator's license number, if any; the automobile registration of the motor
19 vehicle in which the keg was removed from the seller's premises, if any; and such other identifica-
20 tion as the commission by rule may require. The receipt shall contain a statement that must be
21 signed by the purchaser that, under penalty of false swearing, the purchaser will not allow con-
22 sumption of any malt beverage in the keg in violation of ORS 471.410. A copy of the receipt shall
23 be given to the purchaser and the seller shall retain the original receipt for such period as the
24 commission by rule may require.

25 (2) Possession of a keg containing malt beverages which is not identified as required by sub-
26 section (1) of this section is a Class A misdemeanor.

27 (3) A person who signs a receipt described in subsection (1) of this section in order to obtain a
28 keg, knowing the receipt to be false, or who falsifies any information required on the receipt, is
29 guilty of false swearing as prescribed by ORS 162.075.

30 (4) As used in this section, "keg" means any brewery-sealed, individual container of malt
31 beverage having a liquid capacity of more than seven gallons.

32 **SECTION 239.** ORS 471.480 is amended to read:

33 471.480. (1) Any employee 18 years of age or older of a person who holds an off-premises sales
34 license from the Oregon Liquor *[Control]* **and Cannabis** Commission may sell any alcoholic liquor
35 authorized by such license on the licensed premises.

36 (2) Any employee 18 years of age or older of a person who holds a wholesale malt beverage and
37 wine license from the Oregon Liquor *[Control]* **and Cannabis** Commission may assist the licensee
38 in the delivery of any alcoholic liquor authorized by such license.

39 (3) During any inspection of a licensed premises, the commission may require proof that a person
40 performing work at the premises meets any applicable minimum age requirement created under this
41 chapter or under commission rules. If the person does not provide the commission with acceptable
42 proof of age upon request, the commission may require the person to immediately cease any activity
43 that is subject to a minimum age requirement until the commission receives acceptable proof of age.
44 If the activity is the sole lawful basis for the person to be present on the premises, the commission
45 may require that the person leave the premises. This subsection does not apply to a person tempo-

1 rarely at the premises to make a service, maintenance or repair call, to make a delivery or for other
 2 purposes independent of the premises operations.

3 (4) If a person performing work that is subject to a minimum age requirement has not provided
 4 proof of age requested by the commission under subsection (3) of this section, the commission may
 5 request that the licensee or a manager of the premises provide proof that the person meets any
 6 applicable minimum age requirement created under this chapter or under commission rules. Failure
 7 of the licensee or manager to respond to a request made under this subsection by providing ac-
 8 ceptable proof of age for a person is prima facie evidence that the licensee has allowed the person
 9 to perform work at the licensed premises in violation of a minimum age requirement.

10 **SECTION 240.** ORS 471.482 is amended to read:

11 471.482. (1) The holder of a license issued under this chapter may employ persons 18, 19 and 20
 12 years of age who may take orders for, serve and sell alcoholic liquor in any part of the licensed
 13 premises when that activity is incidental to the serving of food except in those areas classified by
 14 the Oregon Liquor [*Control*] **and Cannabis** Commission as being prohibited to the use of minors.
 15 However, no person who is 18, 19 or 20 years of age shall be permitted to mix, pour or draw alco-
 16 holic liquor except when pouring is done as a service to the patron at the patron's table or drawing
 17 is done in a portion of the premises not prohibited to minors.

18 (2) A person who is 18, 19 or 20 years of age may enter areas classified by the commission as
 19 being prohibited to the use of minors only for the purpose of ordering and picking up alcoholic li-
 20 quor for service in other parts of the premises. However, the person shall not remain in the areas
 21 longer than is necessary to perform those duties.

22 (3) The commission by rule may permit access to prohibited areas by any minor for nonalcoholic
 23 liquor employment purposes as long as the minor does not remain longer than is necessary to per-
 24 form the duties.

25 (4) During any inspection of a licensed premises, the commission may require proof that a person
 26 performing work at the premises meets any applicable minimum age requirement created under this
 27 chapter or under commission rules. If the person does not provide the commission with acceptable
 28 proof of age upon request, the commission may require the person to immediately cease any activity
 29 that is subject to a minimum age requirement until the commission receives acceptable proof of age.
 30 If the activity is the sole lawful basis for the person to be present on the premises, the commission
 31 may require that the person leave the premises. This subsection does not apply to a person tempo-
 32 rarily at the premises to make a service, maintenance or repair call, make a delivery or for other
 33 purposes independent of the premises operations.

34 (5) If a person performing work that is subject to a minimum age requirement has not provided
 35 proof of age requested by the commission under subsection (4) of this section, the commission may
 36 request that the licensee or a manager of the premises provide proof that the person meets any
 37 applicable minimum age requirement created under this chapter or under commission rules. Failure
 38 of the licensee or manager to respond to a request made under this subsection by providing ac-
 39 ceptable proof of age for a person is prima facie evidence that the licensee has allowed the person
 40 to perform work at the licensed premises in violation of a minimum age requirement.

41 **SECTION 241.** ORS 471.495 is amended to read:

42 471.495. Any wholesale licensee who receives a check, order, negotiable instrument or voucher
 43 in payment for malt beverages, cider or wine, who receives an instrument from a retail licensee
 44 which, upon presentation, is not paid by the party on whom it is drawn, shall report such fact
 45 forthwith to the Oregon Liquor [*Control*] **and Cannabis** Commission.

1 **SECTION 242.** ORS 471.500 is amended to read:

2 471.500. The provisions of ORS 471.485, 471.490 and 471.495 shall not apply to any common
3 carrier licensed by the Oregon Liquor [*Control*] **and Cannabis** Commission.

4 **SECTION 243.** ORS 471.510 is amended to read:

5 471.510. ORS 471.506 shall not prohibit the sale of pure alcohol for scientific or manufacturing
6 purposes, or of wines to church officials for sacramental purposes, nor shall it prevent any person
7 residing in the county or city from ordering and having delivered to the home of the person, for the
8 personal use of self and family, alcoholic liquors purchased from the Oregon Liquor [*Control*] **and**
9 **Cannabis** Commission or from persons duly licensed to sell them under the Liquor Control Act.

10 **SECTION 244.** ORS 471.541 is amended to read:

11 471.541. The Oregon Liquor [*Control*] **and Cannabis** Commission shall establish an Alcohol Ed-
12 ucation Program. The Alcohol Education Program shall consist of all the duties of the commission
13 in administering clerk training courses under ORS 471.341 and alcohol server education courses
14 under ORS 471.542.

15 **SECTION 245.** ORS 471.542 is amended to read:

16 471.542. (1) Except as provided in subsection (2) of this section, the Oregon Liquor [*Control*] **and**
17 **Cannabis** Commission shall require a person applying for issuance or renewal of a service permit
18 or any license that authorizes the sale or service of alcoholic beverages for consumption on the
19 premises to complete an approved alcohol server education course and examination as a condition
20 of the issuance or renewal of the permit or license.

21 (2) A person applying for issuance or renewal of a license that authorizes the sale or service
22 of alcoholic beverages for consumption on the premises need not complete an approved alcohol
23 server education course and examination as a condition of the issuance or renewal of the license if:

24 (a) The license has been restricted by the commission to prohibit sale or service of alcoholic
25 beverages for consumption on the premises; or

26 (b) The person applying for issuance or renewal of the license submits a sworn statement to the
27 commission stating that the person will not engage in sale or service of alcoholic beverages for
28 consumption on the premises, will not directly supervise or manage persons who sell or serve alco-
29 holic beverages on the premises, and will not participate in establishing policies governing the sale
30 or service of alcoholic beverages on the premises.

31 (3) The commission by rule shall establish requirements that licensees and permittees must
32 comply with as a condition of requalifying for a license or permit. The licensee or permittee must
33 comply with those requirements once every five years after completing the initial alcohol server
34 education course and examination. The requirements established by the commission to requalify for
35 a license may include retaking the alcohol server education course and examination. The require-
36 ments established by the commission to requalify for a service permit shall include retaking the al-
37 cohool server education course and examination.

38 (4) The commission may extend the time periods established by this section upon a showing of
39 hardship. The commission by rule may exempt a licensee from the requirements of this section if the
40 licensee does not participate in the management of the business.

41 (5) The standards and curriculum of alcohol server education courses shall include but not be
42 limited to the following:

43 (a) Alcohol as a drug and its effects on the body and behavior, especially driving ability.

44 (b) Effects of alcohol in combination with commonly used legal, prescription or nonprescription,
45 drugs and illegal drugs.

1 (c) Recognizing the problem drinker and community treatment programs and agencies.

2 (d) State alcohol beverage laws such as prohibition of sale to minors and sale to intoxicated
3 persons, sale for on-premises or off-premises consumption, hours of operation and penalties for vio-
4 lation of the laws.

5 (e) Drunk driving laws and liquor liability statutes.

6 (f) Intervention with the problem customer, including ways to cut off service, ways to deal with
7 the belligerent customer and alternative means of transportation to get the customer safely home.

8 (g) Advertising and marketing for safe and responsible drinking patterns and standard operating
9 procedures for dealing with customers.

10 (6) The commission shall impose a fee not to exceed \$2.60 a year for each license subject to the
11 alcohol server education requirement, and a fee not to exceed \$13 for each service permit applica-
12 tion. These fees shall be used for administrative costs of the Alcohol Education Program established
13 under ORS 471.541 and shall be in addition to any other license or permit fees required by law or
14 rule.

15 (7) The commission shall adopt rules to impose reasonable fees for administrative costs on al-
16 cohol server education course instructors and providers.

17 (8) The commission shall provide alcohol server education courses and examinations through
18 independent contractors, private persons or private or public schools certified by the commission.
19 The commission shall adopt rules governing the manner in which alcohol server education courses
20 and examinations are made available to persons required to take the course. In adopting rules under
21 this subsection, the commission shall consider alternative means of providing courses, including but
22 not limited to providing courses through audiotapes, videotapes, the Internet and other electronic
23 media.

24 **SECTION 246.** ORS 471.547 is amended to read:

25 471.547. (1) The Oregon Liquor [*Control*] **and Cannabis** Commission shall establish an Alcohol
26 Server Education Advisory Committee. The advisory committee shall consist of the following mem-
27 bers:

28 (a) One person who represents the commission.

29 (b) One person who represents the Oregon State Police.

30 (c) One person who represents the Oregon District Attorneys Association.

31 (d) One person who represents the Oregon Health Authority.

32 (e) One person who represents the Department of Transportation.

33 (f) One person who represents a nonprofit organization the purpose of which is to reduce the
34 incidence of drunk driving.

35 (g) One person who has general expertise in education.

36 (h) One person who has expertise in health education.

37 (i) One person who represents classroom alcohol server education providers.

38 (j) One person who represents online alcohol server education providers.

39 (k) At least one person who is a service permittee under ORS 471.360.

40 (L) Not more than two persons who represent insurance companies.

41 (m) Not more than three persons who represent retail licensees.

42 (2) The purpose of the advisory committee is to assist in the development of:

43 (a) The standards, curriculum and materials for the alcohol server education courses required
44 under ORS 471.542;

45 (b) The examination required by ORS 471.542, and procedures for administering that examina-

1 tion;

2 (c) The certification procedures, enforcement policies and penalties for alcohol server education
3 course instructors and providers; and

4 (d) The time requirements for completion of an alcohol server education course and examination
5 and the conditions for probationary extension.

6 **SECTION 247.** ORS 471.549 is amended to read:

7 471.549. In addition to such other sanctions as may be authorized by law, the Oregon Liquor
8 [Control] and Cannabis Commission may impose a civil penalty not to exceed \$1,000 against any
9 alcohol server education course instructor or provider who violates a rule promulgated by the
10 commission pursuant to ORS 471.542. The civil penalty may be in addition to or in lieu of any sus-
11 pension, revocation or cancellation of the certification of an alcohol server education course in-
12 structor or provider.

13 **SECTION 248.** ORS 471.551 is amended to read:

14 471.551. (1) Any person in possession of a valid retail liquor license, who sells liquor by the
15 drink for consumption on the premises or sells for consumption off the premises, shall post a sign
16 informing the public of the effects of alcohol consumption during pregnancy.

17 (2) The sign shall:

18 (a) Contain the message: "Pregnancy and alcohol do not mix. Drinking alcoholic beverages, in-
19 cluding wine, coolers and beer, during pregnancy can cause birth defects."

20 (b) Be either:

21 (A) A large sign, no smaller than eight and one-half inches by 11 inches in size with lettering
22 no smaller than five-eighths of an inch in height; or

23 (B) A reduced sign, five by seven inches in size with lettering of the same proportion as the
24 large sign described in paragraph (a) of this subsection.

25 (c) Contain a graphic depiction of the message to assist nonreaders in understanding the mes-
26 sage. The depiction of a pregnant female shall be universal and shall not reflect a specific race or
27 culture.

28 (d) Be in English unless a significant number of the patrons of the retail premises use a lan-
29 guage other than English as a primary language. In such cases, the sign shall be worded in both
30 English and the primary language or languages of the patrons.

31 (e) Be displayed on the premises of all licensed retail liquor premises as either a large sign at
32 the point of entry, or a reduced sized sign at points of sale.

33 (3) The person described in subsection (1) of this section shall be encouraged to also post signs
34 of any size at places where alcoholic beverages are displayed.

35 (4) Notwithstanding ORS 471.561, the holder of a retail liquor license may produce the sign re-
36 quired by this section insofar as the sign is consistent with the standards established pursuant to
37 this section, ORS 616.286 and 624.060 and the Oregon Liquor [Control] and Cannabis Commission,
38 and is displayed in accordance with subsection (2)(e) of this section.

39 **SECTION 249.** ORS 471.553 is amended to read:

40 471.553. The Oregon Liquor [Control] and Cannabis Commission shall consult with represen-
41 tatives of business and industry as well as interested citizens groups, including the March of Dimes
42 and the Junior League, to determine the most cost-effective, convenient method to produce and post
43 the sign described in ORS 471.551, which shall be distributed by the commission.

44 **SECTION 250.** ORS 471.557 is amended to read:

45 471.557. The Oregon Liquor [Control] and Cannabis Commission may solicit private funds, if

1 necessary, to produce and distribute the signs.

2 **SECTION 251.** ORS 471.559 is amended to read:

3 471.559. (1) If no warning sign is posted:

4 (a) The Oregon Liquor [*Control*] **and Cannabis** Commission shall furnish a warning sign.

5 (b) The retailer shall have five days from the receipt of the warning sign to post it appropriately.

6 (2) If there is a violation of this section or of ORS 471.551, the violator shall be subject to:

7 (a) A written warning from the commission for the first violation accompanied by a copy of the
8 sign.

9 (b) A civil penalty of not to exceed \$25 payable to the commission for a second violation.

10 (c) A civil penalty of not to exceed \$25 for the third and subsequent violations for each day the
11 sign is not posted.

12 (3) The civil penalty imposed under subsection (2) of this section shall be separate from any
13 other sanction or penalty imposed by the commission and shall not be used in any progressive vio-
14 lation schedule.

15 (4) The penalty provided by this section shall be the sole penalty for violation of this section
16 or ORS 471.551 or the rules adopted under section 1, chapter 324, Oregon Laws 1991.

17 (5) Violation of this section or ORS 471.551 or the rules adopted under section 1, chapter 324,
18 Oregon Laws 1991, shall not be grounds for refusal to issue a license, cancellation of a license or
19 suspension of a license issued under this chapter.

20 (6) Nothing in this section or ORS 471.551 or the rules adopted under section 1, chapter 324,
21 Oregon Laws 1991, creates any new cause of action or any private right of any person.

22 **SECTION 252.** ORS 471.561 is amended to read:

23 471.561. By June 30, 1992, the Oregon Liquor [*Control*] **and Cannabis** Commission shall produce
24 and complete distribution of the warning signs, free of charge, to all holders of retail liquor licenses.
25 The commission shall produce and distribute additional signs as liquor licenses are granted.

26 **SECTION 253.** ORS 471.565 is amended to read:

27 471.565. (1) A patron or guest who voluntarily consumes alcoholic beverages served by a person
28 licensed by the Oregon Liquor [*Control*] **and Cannabis** Commission, a person holding a permit issued
29 by the commission or a social host does not have a cause of action, based on statute or common law,
30 against the person serving the alcoholic beverages, even though the alcoholic beverages are served
31 to the patron or guest while the patron or guest is visibly intoxicated. The provisions of this sub-
32 section apply only to claims for relief based on injury, death or damages caused by intoxication and
33 do not apply to claims for relief based on injury, death or damages caused by negligent or inten-
34 tional acts other than the service of alcoholic beverages to a visibly intoxicated patron or guest.

35 (2) A person licensed by the Oregon Liquor [*Control*] **and Cannabis** Commission, person holding
36 a permit issued by the commission or social host is not liable for damages caused by intoxicated
37 patrons or guests unless the plaintiff proves by clear and convincing evidence that:

38 (a) The licensee, permittee or social host served or provided alcoholic beverages to the patron
39 or guest while the patron or guest was visibly intoxicated; and

40 (b) The plaintiff did not substantially contribute to the intoxication of the patron or guest by:

41 (A) Providing or furnishing alcoholic beverages to the patron or guest;

42 (B) Encouraging the patron or guest to consume or purchase alcoholic beverages or in any other
43 manner; or

44 (C) Facilitating the consumption of alcoholic beverages by the patron or guest in any manner.

45 (3) Except as provided in subsection (4) of this section, an action for damages caused by

1 intoxicated patrons or guests off the premises of a person licensed by the Oregon Liquor [Control]
2 **and Cannabis** Commission, a person holding a permit issued by the commission or a social host may
3 be brought only if the person asserting the claim has given the licensee, permittee or social host the
4 notice required by subsection (5) of this section within the following time periods:

5 (a) If a claim is made for damages arising out of wrongful death, notice must be given within
6 one year after the date of death, or within one year after the date that the person asserting the
7 claim discovers or reasonably should have discovered the existence of a claim under this section,
8 whichever is later.

9 (b) If a claim is made for damages for injuries other than wrongful death, notice must be given
10 within 180 days after the injury occurs, or within 180 days after the person asserting the claim
11 discovers or reasonably should have discovered the existence of a claim under this section, which-
12 ever is later.

13 (4) The time provided for the giving of notice under subsection (3) of this section does not in-
14 clude any period during which:

15 (a) The claimant is under 18 years of age;

16 (b) The claimant is unable to give notice by reason of the injury or by reason of being finan-
17 cially incapable, as defined in ORS 125.005, or is incapacitated, as defined in ORS 125.005; or

18 (c) The claimant is unable to determine that the licensee, permittee or social host is liable be-
19 cause the patron or guest who caused the damages asserts a right against self-incrimination and
20 cannot be compelled to reveal the identity of the licensee, permittee or social host, or cannot be
21 compelled to reveal facts that would establish the liability of the licensee, permittee or social host.

22 (5) A licensee, permittee or social host shall be considered to have been given notice for the
23 purposes of this section if:

24 (a) The licensee, permittee or social host is given formal notice in the manner specified in sub-
25 section (6) of this section;

26 (b) The licensee, permittee or social host receives actual notice as described in subsection (7)
27 of this section;

28 (c) An action is commenced by or on behalf of the claimant within the period of time specified
29 by subsections (3) and (4) of this section; or

30 (d) Any payment on the claim is made to the claimant by or on behalf of the licensee, permittee
31 or social host.

32 (6) Formal notice of a claim subject to this section must be in writing, must be mailed to the
33 licensee, permittee or social host, or personally served on the licensee, permittee or social host, and
34 must contain all of the following:

35 (a) A statement that a claim for damages is made against the licensee, permittee or social host.

36 (b) A description of the time, place and circumstances giving rise to the claim, so far as known
37 to the claimant.

38 (c) The name of the claimant and mailing address for the claimant to which correspondence re-
39 garding the claim may be mailed.

40 (7) For the purposes of this section, "actual notice" means any communication to a licensee,
41 permittee or social host that gives the licensee, permittee or social host actual knowledge of the
42 time, place and circumstances of the claim, if the communication is such that a reasonable person
43 would conclude that a particular person intends to assert a claim against the licensee, permittee or
44 social host.

45 **SECTION 254.** ORS 471.567 is amended to read:

1 471.567. (1) Notwithstanding ORS 471.130 and 471.565, no licensee, permittee or social host shall
2 be liable to third persons injured by or through persons under the age of 21 years who obtained
3 alcoholic beverages from the licensee, permittee or social host unless it is demonstrated that a
4 reasonable person would have determined that identification should have been requested or that the
5 identification exhibited was altered or did not accurately describe the person to whom the alcoholic
6 liquor was sold or served.

7 (2) A person who is under 21 but at least 18 years of age and who through misrepresentation
8 of age causes an Oregon Liquor [*Control*] **and Cannabis** Commission licensee to be fined or have a
9 license suspended or revoked shall be civilly liable for damages sustained by the licensee. The court
10 may award reasonable attorney fees to the prevailing party in an action under this subsection.

11 (3) Subsection (2) of this section does not apply to a person under the age of 21 years who is
12 acting under the direction of the Oregon Liquor [*Control*] **and Cannabis** Commission or under the
13 direction of state or local law enforcement agencies for the purpose of investigating possible vio-
14 lations of laws prohibiting sales of alcoholic beverages to persons who are under the age of 21 years.

15 (4) Subsection (2) of this section does not apply to a person under the age of 21 years who is
16 acting under the direction of a licensee for the purpose of investigating possible violations by em-
17 ployees of the licensee of laws prohibiting sales of alcoholic beverages to persons who are under the
18 age of 21 years.

19 **SECTION 255.** ORS 471.605 is amended to read:

20 471.605. The state police, sheriffs, constables and all police officers within the State of Oregon
21 shall enforce all provisions of the Liquor Control Act and assist the Oregon Liquor [*Control*] **and**
22 **Cannabis** Commission in detecting violations of that statute and apprehending offenders. Each such
23 enforcing officer having notice, knowledge or reasonable ground of suspicion of any violation of that
24 statute shall immediately notify the district attorney, and furnish the district attorney with names
25 and addresses of any witnesses, or other information within the officer's knowledge, of such vio-
26 lation.

27 **SECTION 256.** ORS 471.610 is amended to read:

28 471.610. Whenever any officer arrests any person for violation of the Liquor Control Act, the
29 officer may take into possession all alcoholic liquor and other property which the person so arrested
30 has in possession, or on the premises, which is apparently being used in violation of that statute.
31 If the person so arrested is convicted, and it is found that the liquor and other property has been
32 used in violation of the law, the same shall be forfeited to the Oregon Liquor [*Control*] **and**
33 **Cannabis** Commission, and shall be delivered by the court or officer to the commission. The com-
34 mission is authorized to destroy or make such other disposition thereof as it considers to be in the
35 public interest. In any such case, all alcoholic liquor purchased or acquired from any source, and
36 all property, including bars, glasses, mixers, lockers, chairs, tables, cash registers, music devices,
37 gambling devices, furniture, furnishings, equipment and facilities for the mixing, storing, serving or
38 drinking of alcoholic liquor shall be confiscated and forfeited to the state, and the clear proceeds
39 shall be deposited with the State Treasury in the Common School Fund in the manner provided in
40 this section.

41 **SECTION 257.** ORS 471.615 is amended to read:

42 471.615. The county courts, district attorneys and municipal authorities, immediately upon the
43 conviction of any licensee of the Oregon Liquor [*Control*] **and Cannabis** Commission of a violation
44 of any provision of the Liquor Control Act or the violation of any other law of this state or ordi-
45 nance of any municipality therein, in which violation alcoholic liquor had any part, shall notify the

1 commission thereof. Such officials shall notify the commission of any acts, practices or other conduct
2 of any such licensee which may be subversive of the general welfare or contrary to the spirit of the
3 Liquor Control Act and shall recommend such action on the part of the commission as will remove
4 the evil.

5 **SECTION 258.** ORS 471.630 is amended to read:

6 471.630. The Attorney General, the Oregon Liquor [*Control*] **and Cannabis** Commission or its
7 administrators, or the district attorney of the county wherein a nuisance as defined in ORS 471.620
8 exists, or where it has existed but has temporarily ceased and there is good and sufficient cause to
9 believe that it will be maintained in the future, may institute an action in the circuit court for such
10 county in the name of the state to abate, and to temporarily and permanently enjoin, such nuisance.
11 The court has the right to make temporary and final orders as in other injunction proceedings. The
12 plaintiff shall not be required to give bond in such action.

13 **SECTION 259.** ORS 471.645 is amended to read:

14 471.645. If a temporary injunction is granted, the court may issue further restraining orders as
15 described in ORS 471.635; and forthwith may issue an order closing such place against its use for
16 any purpose until the final decision, or the court may allow such place to be occupied or used during
17 the pendency of the injunction proceedings by requiring the defendants to furnish an irrevocable
18 letter of credit issued by an insured institution as defined in ORS 706.008 or a bond with sufficient
19 surety, to be approved by the court, in the penal sum of not less than \$2,500, payable to the state.
20 The bond or letter of credit shall be conditioned that alcoholic liquor will not be manufactured,
21 possessed, sold, served, bartered, or given away, or furnished, or otherwise disposed of thereon or
22 therein, or kept thereon or therein with the intent to sell, barter, serve, or give away, or otherwise
23 dispose of alcoholic liquor contrary to law, and that the defendants will pay all fines, costs and
24 damages assessed against them for any violation of such conditions. The State of Oregon in an
25 action brought by the Attorney General, the Oregon Liquor [*Control*] **and Cannabis** Commission or
26 its administrators, or the district attorney, may take whatever steps necessary to recover the whole
27 amount as a penalty for the use of the county wherein the premises are situated.

28 **SECTION 260.** ORS 471.666 is amended to read:

29 471.666. (1) The court, upon conviction of the person arrested under ORS 471.660, shall order the
30 alcoholic liquor delivered to the Oregon Liquor [*Control*] **and Cannabis** Commission, and shall,
31 subject to the ownership rights of innocent third parties, order a sale at public auction by the sheriff
32 of the county of the property seized. The sheriff, after deducting the expense of keeping the property
33 and the cost of sale, shall pay all the liens, according to their priorities, which are established by
34 intervention or otherwise at such hearing or in other proceedings brought for that purpose, and
35 shall pay the balance of the proceeds into the general fund of the county. No claim of ownership
36 or of any right, title or interest in or to such vehicle that is otherwise valid shall be held invalid
37 unless the state shows to the satisfaction of the court, by clear and convincing evidence, that the
38 claimant had knowledge that the vehicle was used or to be used in violation of law. All liens against
39 property sold under this section shall be transferred from the property to the proceeds of the sale.

40 (2) If no person claims the vehicle or conveyance, the taking of the same and the description
41 thereof shall be advertised in some daily newspaper published in the city or county where taken,
42 or if no daily newspaper is published in such city or county, in a newspaper having weekly circu-
43 lation in the city or county, once a week for two weeks and by handbills posted in three public
44 places near the place of seizure, and shall likewise notify by mail the legal owner, in the case of
45 an automobile, if licensed by the State of Oregon, as shown by the name and address in the vehicle

1 registration records of the Department of Transportation. If no claimant appears within 10 days af-
2 ter the last publication of the advertisement, the property shall be sold and the proceeds, after de-
3 ducting the expenses and costs, shall be paid into the general fund of the county.

4 **SECTION 261.** ORS 471.695 is amended to read:

5 471.695. (1) The Oregon Liquor [*Control*] **and Cannabis** Commission may require each applicant
6 for a full or limited on-premises sales license to submit to fingerprinting. If the applicant is a cor-
7 poration, the fingerprints of each officer, director and major stockholder of the corporation may be
8 required by the commission. Prior to approving any change in officers, directors or major stock-
9 holders, the commission may require the fingerprints of the new officials.

10 (2) The commission shall require that all employees of the commission who work in the licensing
11 or enforcement divisions or who have access to criminal background information be fingerprinted.

12 (3) Fingerprints acquired under this section may be used for the purpose of requesting state or
13 nationwide criminal records checks under ORS 181A.195.

14 (4) As used in this section, "major stockholder" means any person who owns, directly or indi-
15 rectly, more than 10 percent of any class of any equity security of the corporation.

16 **SECTION 262.** ORS 471.700 is amended to read:

17 471.700. In carrying out its duties under ORS 471.315, the Oregon Liquor [*Control*] **and**
18 **Cannabis** Commission shall not suspend or cancel a license on grounds of any violation of ORS
19 167.108 to 167.164 until:

20 (1) The licensee has been convicted thereof in a court of competent jurisdiction; or

21 (2) An employee of the licensee has been convicted thereof in a court of competent jurisdiction
22 and the violation occurred on the licensed premises.

23 **SECTION 263.** ORS 471.703 is amended to read:

24 471.703. (1) The police shall notify the Oregon Liquor [*Control*] **and Cannabis** Commission of the
25 name of the alleged provider of alcoholic liquor when:

26 (a) The police investigate any motor vehicle accident where someone other than the operator
27 is injured or incurs property damage;

28 (b) The operator appears to have consumed alcoholic liquor;

29 (c) A citation is issued against the operator that is related to the consumption of alcoholic li-
30 quor or could have been issued if the operator had survived; and

31 (d) The provider of the alcoholic liquor is alleged to be a licensee or permittee of the commis-
32 sion.

33 (2) The notice shall include the name and address of the operator involved and the name and
34 address of the person who named the alleged provider, if the person is other than the operator.

35 (3) Upon receipt of the notice described in subsection (1) of this section, the commission shall
36 cause the licensee or permittee named as the alleged provider to be notified of receipt of the notice
37 and of its content. A copy of the notice shall be retained in the files of the commission and shall
38 be open to inspection by the person injured or damaged by the motor vehicle operator or a repre-
39 sentative of the person.

40 (4) The police shall notify the alleged social host when the circumstances described in sub-
41 section (1) of this section occur and the alleged social host is named as the provider of the alcoholic
42 liquor. The notice shall include the information described in subsection (2) of this section.

43 **SECTION 264.** ORS 471.710 is amended to read:

44 471.710. (1) The Governor may remove any commissioner for inefficiency, neglect of duty, or
45 misconduct in office, giving to the commissioner a copy of the charges made and an opportunity of

1 being publicly heard in person or by counsel, in the commissioner's own defense, upon not less than
 2 10 days' notice. If such commissioner is removed, the Governor shall file in the office of the Secre-
 3 tary of State a complete statement of all charges made against such commissioner, the findings
 4 thereon, and a complete record of the proceedings.

5 (2) No person, other than the [member] **commissioners** appointed in accordance with ORS
 6 471.705 who [is] **are** designated from the food and alcoholic beverage retail industry **and from the**
 7 **cannabis retail industry**, is eligible to hold the office of commissioner, or to be employed by the
 8 Oregon Liquor [Control] **and Cannabis** Commission if:

9 (a) The person has any financial interest in any business licensed by the commission or in any
 10 business which manufactures alcoholic beverages sold in Oregon;

11 (b) Anyone in the person's household or immediate family has a financial interest described in
 12 paragraph (a) of this subsection;

13 (c) Anyone in the person's household or immediate family is employed by a business licensed by
 14 the commission, unless the person is not in a position to take action or make decisions which could
 15 affect the licensed business; or

16 (d) The person or anyone in the person's household or immediate family has a business con-
 17 nection with any business licensed by the commission, unless the person is not in a position to take
 18 action or make decisions which could affect the licensed business.

19 (3)(a) A retail sales agent appointed by the commission, or a person in the household or imme-
 20 diate family of a retail sales agent, may not have any financial interest in or business connection
 21 with:

22 (A) A person or business that is licensed as a distillery;

23 (B) A person or business that holds a full on-premises sales license[; or]

24 (C) A distillery whose products are sold in Oregon; **or**

25 **(D) A person or business that holds a license issued under ORS 475B.070, 475B.090 or**
 26 **475B.100.**

27 (b) Paragraph (a) of this subsection does not apply to a distillery retail outlet agent appointed
 28 by the commission under ORS 471.230.

29 (4) Nothing in this section prohibits a person from having a financial interest resulting from
 30 investments made by the Public Employees Retirement System or through mutual funds, blind trusts
 31 or similar investments where the person does not exercise control over the nature, amount or timing
 32 of the investment.

33 (5) The commission by rule may establish additional restrictions to prohibit potential conflicts
 34 of interest. The commission by rule shall define "immediate family" and "business connection" as
 35 used in this section.

36 **SECTION 265.** ORS 471.715 is amended to read:

37 471.715. (1) The [member] **commissioners** from the food and alcoholic beverage retail industry
 38 **and from the cannabis retail industry** shall not serve as chairperson. The chairperson shall pre-
 39 side at all meetings of the Oregon Liquor [Control] **and Cannabis** Commission or, in the
 40 chairperson's absence, some other [member] **commissioner** may serve as chairperson.

41 (2) The commission shall meet at such times and places within this state as it determines. A
 42 majority of the commissioners constitutes a quorum for the transaction of any business, for the
 43 performance of any duty or for the exercise of any power of the commission.

44 **SECTION 266.** ORS 471.720 is amended to read:

45 471.720. The Oregon Liquor [Control] **and Cannabis** Commission shall appoint an administrator

1 who shall serve at its discretion. The administrator shall be subject to policy direction by the
 2 commissioners, and shall be the secretary of the commission and custodian of commission records.
 3 The administrator shall manage the commission, administer the laws, and appoint, assign and coor-
 4 dinate personnel of the commission within budget limitations and the State Personnel Relations Law.

5 **SECTION 267.** ORS 471.725 is amended to read:

6 471.725. The function, duties and powers of the Oregon Liquor [*Control*] **and Cannabis** Com-
 7 mission include the following:

8 (1) To buy, have in its possession, bottle, blend, rectify, transport and sell, for present or future
 9 delivery, in its own name, alcoholic liquor in the manner set forth in this chapter.

10 (2) To purchase, acquire, rent, lease or occupy any building, rooms, stores or land and acquire,
 11 own, lease and sell equipment and fixtures required for its operations.

12 (3) To lease or sublet to others property which it acquires or owns and which is not immediately
 13 required for its operations. However, no real property shall be purchased without the consent and
 14 approval of the Governor.

15 (4) To borrow money, guarantee the payment thereof and of the interest thereon, by the transfer
 16 or pledge of goods or in any other manner required or permitted by law.

17 (5) To issue, sign, indorse and accept checks, promissory notes, bills of exchange and other ne-
 18 gotiable instruments.

19 (6) In the event the United States Government provides any plan or method whereby the taxes
 20 upon alcoholic liquors are collected at the source, to enter into any and all contracts and comply
 21 with all regulations, even to the extent of partially or wholly abrogating any statutory provisions
 22 which might be in conflict with federal law or regulations, to the end that the commission receives
 23 the portion thereof allocated to this state, to be distributed as provided by statute.

24 (7) To secure and pay for such policies of insurance as may be necessary to adequately protect
 25 it from loss by fire, theft or other casualty.

26 **SECTION 268.** ORS 471.730 is amended to read:

27 471.730. The function, duties and powers of the Oregon Liquor [*Control*] **and Cannabis** Com-
 28 mission include the following:

29 (1) To control the manufacture, possession, sale, purchase, transportation, importation and de-
 30 livery of alcoholic liquor in accordance with the provisions of this chapter and ORS 474.105 and
 31 474.115.

32 (2) To grant, refuse, suspend or cancel licenses and permits for the sale or manufacture of al-
 33 coholic liquor, or other licenses and permits in regard thereto, and to permit, in its discretion, the
 34 transfer of a license of any person.

35 (3) To collect the taxes and duties imposed by statutes relating to alcoholic liquors, and to issue,
 36 and provide for cancellation, stamps and other devices as evidence of payment of such taxes or du-
 37 ties.

38 (4) To investigate and aid in the prosecution of every violation of statutes relating to alcoholic
 39 liquors, to seize alcoholic liquor manufactured, sold, kept, imported or transported in contravention
 40 of this chapter and ORS 474.105 and 474.115, and apply for the confiscation thereof, whenever re-
 41 quired by statute, and cooperate in the prosecution of offenders before any court of competent ju-
 42 risdiction.

43 (5) To adopt such regulations as are necessary and feasible for carrying out the provisions of
 44 this chapter and ORS 474.105 and 474.115 and to amend or repeal such regulations. When such
 45 regulations are adopted they shall have the full force and effect of law.

1 (6) To exercise all powers incidental, convenient or necessary to enable it to administer or carry
 2 out any of the provisions of this chapter and ORS 474.105 and 474.115.

3 (7) To control, regulate and prohibit any advertising by manufacturers, wholesalers or retailers
 4 of alcoholic liquor by the medium of newspapers, letters, billboards, radio or otherwise.

5 (8) To sell, license, regulate and control the use of alcohol for scientific, pharmaceutical, man-
 6 ufacturing, mechanical, industrial and other purposes, and to provide by regulation for the sale
 7 thereof for such uses.

8 **SECTION 269.** ORS 471.732 is amended to read:

9 471.732. (1) The Legislative Assembly finds and declares that the regulation of health and sani-
 10 tation matters in premises licensed by the Oregon Liquor [*Control*] **and Cannabis** Commission under
 11 this chapter can best be performed by the Oregon Health Authority and the State Department of
 12 Agriculture.

13 (2) It is the policy of the Legislative Assembly and the intent of ORS 471.333 and 624.010 and
 14 this section that premises licensed by the Oregon Liquor [*Control*] **and Cannabis** Commission under
 15 this chapter shall be subject to the laws governing health and sanitation matters, including any
 16 applicable licensing requirements, and to the rules adopted thereunder by the authority and the
 17 department.

18 **SECTION 270.** ORS 471.735 is amended to read:

19 471.735. The Oregon Liquor [*Control*] **and Cannabis** Commission shall have the power to inves-
 20 tigate by sample or chemical analysis, the quality of all wines manufactured, imported, sold or of-
 21 fered for sale within this state, and to seize, confiscate and destroy all wines sold or offered for sale
 22 within this state which do not conform in all respects to the minimum standards provided for by the
 23 laws of this state.

24 **SECTION 271.** ORS 471.740 is amended to read:

25 471.740. Except as provided in this chapter, the Oregon Liquor [*Control*] **and Cannabis** Com-
 26 mission is vested with the exclusive right to purchase, sell, have in possession for sale, import or
 27 transport alcoholic beverages.

28 **SECTION 272.** ORS 471.745 is amended to read:

29 471.745. The Oregon Liquor [*Control*] **and Cannabis** Commission shall fix the prices at which
 30 alcoholic liquors containing over five percent alcohol by volume may be purchased from it, and has
 31 power to bottle, blend, rectify, manufacture or sell alcoholic liquors for itself, or for or to any person
 32 or commission within or without this state.

33 **SECTION 273.** ORS 471.747 is amended to read:

34 471.747. (1) As used in this section, “granulated alcohol” means powders, crystals or other dry
 35 preparations designed to produce an alcoholic beverage when added to a liquid.

36 (2) Granulated alcohol may not be sold at retail in this state. Granulated alcohol may be sold
 37 at wholesale only for scientific, industrial, manufacturing or other purposes identified by the Oregon
 38 Liquor [*Control*] **and Cannabis** Commission under terms and conditions the commission considers
 39 appropriate to safeguard against the misuse of granulated alcohol.

40 **SECTION 274.** ORS 471.750 is amended to read:

41 471.750. (1) The Oregon Liquor [*Control*] **and Cannabis** Commission shall establish such stores
 42 and warehouses in such places in the state as in its judgment are required by public convenience
 43 or necessity, for the sale of spirituous liquors, wines and other alcoholic liquors containing over five
 44 percent alcohol by volume, in sealed containers for consumption off the premises. The commission
 45 shall keep on hand in such stores or warehouses such quantities and kinds of alcoholic liquors as

1 are reasonably required to supply the public demand.

2 (2) Any person qualified to purchase such liquors from the commission has the right to present
3 to the commission, or at any of its stores, an application for any kind or brand of alcoholic liquor
4 that the person may desire and that may be manufactured or obtainable in any place in the United
5 States, and the commission shall obtain such liquor and sell it to the applicant. The commission may
6 not require that an application for a kind or brand of alcoholic liquor include a commitment to
7 purchase a minimum amount of the liquor or require that a purchase be for more than one container
8 of a kind or brand of alcoholic liquor if the liquor:

9 (a) Except as provided in subsection (5) of this section, has a retail sales price of \$30 or more
10 per container;

11 (b) Is available through a distributor in the United States that does not require the commission
12 to acquire more than one case of the distilled liquor in a single transaction;

13 (c) Is not regularly stocked by the commission; and

14 (d) Is ordered in a 750 milliliter container size if available in that size.

15 (3) The commission may not establish a store in any county or incorporated city of this state
16 where a local prohibitory law is in effect. The commission shall adopt rules governing advertising
17 by stores operated by the commission. The commission may appoint agents in the sale of said liquor
18 under such agreement as the commission may negotiate with said agents or their representative.

19 (4) Rules relating to advertising adopted by the commission under subsection (3) of this section
20 shall allow signs and displays within its stores for the purpose of supplying consumer information
21 to customers, including but not limited to discounts, sales and other specials. Commission discretion
22 with respect to those signs and displays shall be limited to regulation of the content, size, number
23 per brand, type and duration of the sign or display. Signs and displays may be supplied by man-
24 ufacturers, wholesalers or distributors, and may bear the name of a particular distillery, supplier
25 or brand of liquor. The use of signs and displays shall be optional with the agent appointed by the
26 commission. Signs or displays authorized by the commission may not be placed in positions within
27 the store where the sign or display would be readily visible from outside of the store.

28 (5) The commission may annually adjust the price threshold established in subsection (2)(a) of
29 this section by a percentage equal to the percentage change in the Portland-Salem, OR-WA Con-
30 sumer Price Index for All Urban Consumers for All Items as published by the Bureau of Labor
31 Statistics of the United States Department of Labor. However, the commission may not adjust the
32 price threshold to be less than \$30.

33 **SECTION 275.** ORS 471.752 is amended to read:

34 471.752. (1) An agent appointed under ORS 471.750 may participate in a health benefit plan
35 available to state employees pursuant to ORS 243.105 to 243.285 at the expense of the agent and
36 may participate in the state deferred compensation plan established under ORS 243.401 to 243.507.
37 For such purposes, agents shall be considered eligible state employees.

38 (2) A person who is the surviving spouse or child of a deceased agent or the spouse or child of
39 an agent of the Oregon Liquor [*Control*] **and Cannabis** Commission who has a disability shall be
40 given preference in the appointment of a successor agent, if otherwise qualified, the spouse having
41 greater preference. The experience of such applicant in the business operation of the deceased agent
42 or the agent who has a disability shall be the primary consideration in determining the qualifica-
43 tions of the applicant.

44 **SECTION 276.** ORS 471.754 is amended to read:

45 471.754. The Oregon Liquor [*Control*] **and Cannabis** Commission shall develop recycling educa-

1 tion materials for distribution through stores established by the commission under ORS 471.750 that
2 encourage the patrons of the store to recycle bottles sold through the stores.

3 **SECTION 277.** ORS 471.757 is amended to read:

4 471.757. (1) At such times as the Oregon Liquor [*Control*] **and Cannabis** Commission may pre-
5 scribe and upon forms furnished by the commission, any license applicant or licensee of the com-
6 mission may be required to submit a sworn statement to the commission showing the name, address
7 and the nature and extent of the financial interest of each person, individual and corporate, having
8 a financial interest in the business operated under the license.

9 (2) The commission shall review the statement and may refuse to issue a license to any license
10 applicant, or may suspend, cancel or refuse to renew the license of any licensee, when conditions
11 exist in relation to any person having a financial interest in the business or in the place of business
12 which would constitute grounds for refusing to issue a license or for cancellation or suspension of
13 a license if such person were the license applicant or licensee. However, in cases where the finan-
14 cial interest is held by a corporation, only the officers and directors of the corporation, any indi-
15 vidual or combination of individuals who own a controlling financial interest in the business and
16 any manager of the business shall be considered persons having a financial interest within the
17 meaning of this subsection.

18 **SECTION 278.** ORS 471.760 is amended to read:

19 471.760. Each member of the Oregon Liquor [*Control*] **and Cannabis** Commission, or any of its
20 authorized agents, shall, for the purposes contemplated by this chapter and ORS 474.105 and 474.115,
21 have power to issue subpoenas, compel the attendance of witnesses, administer oaths, certify to of-
22 ficial acts, take depositions within or without this state, as provided by law, and compel the pro-
23 duction of pertinent books, payrolls, accounts, papers, records, documents and testimony.

24 **SECTION 279.** ORS 471.765 is amended to read:

25 471.765. If a person in attendance before the Oregon Liquor [*Control*] **and Cannabis** Commission
26 or a commissioner refuses, without reasonable cause, to be examined or to answer a legal and per-
27 tinent question, or to produce a book or paper when ordered so to do by the commission, the com-
28 mission may apply to the judge of the circuit court of any county where such person is in
29 attendance, upon proof by affidavit of the fact, for a rule or order returnable in not less than two
30 nor more than five days, directing such person to show cause before the judge who made the order,
31 or any other judge of such county, why the person should not be punished for contempt. Upon the
32 return of such order, the judge shall examine such person under oath and the person shall be given
33 an opportunity to be heard. If the judge determines that such person has refused, without reasonable
34 cause or legal excuse, to be examined or to answer a legal or pertinent question, or to produce a
35 book or paper which the person was ordered to bring or produce, the judge may forthwith punish
36 the offender for contempt of court.

37 **SECTION 280.** ORS 471.770 is amended to read:

38 471.770. No person shall be excused from testifying or from producing any books, papers or
39 documents in any investigation or inquiry by or upon any hearing before the Oregon Liquor
40 [*Control*] **and Cannabis** Commission or any commissioner when ordered so to do by the commission
41 or any of its authorized agents, upon the ground that the testimony, evidence, books, papers or
42 documents required of the person may tend to incriminate the person or subject the person to pen-
43 alty or forfeiture. No person shall be prosecuted, punished or subjected to any penalty or forfeiture
44 for or on account of any act, transaction, matter or thing concerning which the person shall, under
45 oath, have, by order of the commission, or a commissioner, or any of its authorized agents, testified

1 to or produced documentary evidence of; but no person so testifying shall be exempt from prose-
2 cution or punishment for any perjury committed by the person in testimony.

3 **SECTION 281.** ORS 471.775, as amended by section 20, chapter 24, Oregon Laws 2016, is
4 amended to read:

5 471.775. (1) The provisions of ORS 183.440 shall apply to subpoenas issued by each member of
6 the Oregon Liquor [*Control*] **and Cannabis** Commission or any of its authorized agents.

7 (2) Subject to subsection (3) of this section, regulatory specialists have authority as provided
8 under this chapter, ORS chapter 153, ORS 133.005 to 133.400, 133.450, 133.525 to 133.703, 133.721 to
9 133.739, 161.235, 161.239, 161.245, 475B.010 to 475B.395, 475B.550 to 475B.590 and 475B.600 to
10 475B.655 and chapter 743, Oregon Laws 1971, to conduct inspections or investigations, make arrests
11 and seizures, aid in prosecutions for offenses, issue criminal citations and citations for violations
12 and otherwise enforce this chapter, ORS 474.005 to 474.095, 474.115, 475B.010 to 475B.395, 475B.550
13 to 475B.590 and 475B.600 to 475B.655, commission rules and any other laws of this state that the
14 commission considers related to alcoholic liquor, marijuana and marijuana-derived products, includ-
15 ing but not limited to laws regarding the production, processing, manufacture, importation, trans-
16 portation, possession, distribution, sale or consumption of alcoholic beverages, the manufacture or
17 use of false identification or the entry of premises licensed to sell alcoholic liquor, marijuana or
18 marijuana-derived products.

19 (3) A regulatory specialist may not:

20 (a) Be sworn in as a federal law enforcement official and act in that capacity while performing
21 duties under subsection (2) of this section;

22 (b) Carry a firearm;

23 (c) Conduct inspections and investigations of a primary residence or for purposes of ensuring
24 compliance with ORS 475B.245 and 475B.375; or

25 (d) Except as provided under the provisions of ORS 475B.010 to 475B.395, conduct inspections
26 and investigations for purposes of ensuring compliance with ORS 475B.400 to 475B.525.

27 **SECTION 282.** ORS 471.790 is amended to read:

28 471.790. No member of the Oregon Liquor [*Control*] **and Cannabis** Commission may be sued for
29 doing or omitting to do any act in the performance of duties as prescribed in the Liquor Control
30 Act. No member of the commission personally shall be liable for any loss caused by the default or
31 failure of the depository of funds of the commission. All funds of the commission deposited in any
32 bank or trust company are entitled to priority of payment as public funds of the state, if the com-
33 mission funds are only kept in depositories designated by the State Treasurer and under security
34 of the same character required by law for depositories of state funds.

35 **SECTION 283.** ORS 471.795 is amended to read:

36 471.795. No provision of the Liquor Control Act prevents any member or employee of the Oregon
37 Liquor [*Control*] **and Cannabis** Commission from purchasing and keeping in possession, for the per-
38 sonal use of self or members of the family of the member or employee, any alcoholic liquor in the
39 same manner as it may be purchased or kept by any other person under that statute.

40 **SECTION 284.** ORS 471.800 is amended to read:

41 471.800. If by the laws of another state or by the rules and regulations of any administrative
42 body or authorized agency thereof or therein, market restrictions are imposed that prevent or tend
43 to prevent the sale of wine manufactured in Oregon in free and unrestricted competition with like
44 kinds of wine manufactured in such other state, the Oregon Liquor [*Control*] **and Cannabis** Com-
45 mission is authorized and directed to impose similar restrictions in Oregon upon such wine manu-

1 factured in such other state and offered for sale in Oregon.

2 **SECTION 285.** ORS 471.805 is amended to read:

3 471.805. (1) Except as otherwise provided in ORS 471.810 (2), all money collected by the Oregon
 4 Liquor [*Control*] **and Cannabis** Commission under this chapter and ORS chapter 473 and privilege
 5 taxes shall be remitted to the State Treasurer who shall credit it to a suspense account of the
 6 commission. Whenever the commission determines that moneys have been received by it in excess
 7 of the amount legally due and payable to the commission or that it has received money to which it
 8 has no legal interest, or that any license fee or deposit is properly refundable, the commission is
 9 authorized and directed to refund such money by check drawn upon the State Treasurer and charged
 10 to the suspense account of the commission. After withholding refundable license fees and such sum,
 11 not to exceed \$250,000, as it considers necessary as a revolving fund for a working cash balance for
 12 the purpose of paying travel expenses, advances, other miscellaneous bills and extraordinary items
 13 which are payable in cash immediately upon presentation, the commission shall direct the State
 14 Treasurer to transfer the money remaining in the suspense account to the Oregon Liquor [*Control*]
 15 **and Cannabis** Commission Account in the General Fund. Moneys in the Oregon Liquor [*Control*]
 16 **and Cannabis** Commission Account are continuously appropriated to the commission to be distrib-
 17 uted and used as required or allowed by law.

18 (2) All necessary expenditures of the commission incurred in carrying out the purposes required
 19 of the commission by law, including the salaries of its employees, purchases made by the commission
 20 and such sums necessary to reimburse the \$250,000 revolving fund, shall be audited and paid from
 21 the Oregon Liquor [*Control*] **and Cannabis** Commission Account in the General Fund, upon warrants
 22 drawn by the Oregon Department of Administrative Services, pursuant to claims duly approved by
 23 the commission.

24 **SECTION 286.** ORS 471.810 is amended to read:

25 471.810. (1) At the end of each month, the Oregon Liquor [*Control*] **and Cannabis** Commission
 26 shall certify the amount of moneys available for distribution in the Oregon Liquor [*Control*] **and**
 27 **Cannabis** Commission Account and, after withholding such moneys as it may deem necessary to pay
 28 its outstanding obligations, shall within 35 days of the month for which a distribution is made direct
 29 the State Treasurer to pay the amounts due, upon warrants drawn by the Oregon Department of
 30 Administrative Services, as follows:

31 (a) Fifty-six percent, or the amount remaining after the distribution under subsection (4) of this
 32 section, credited to the General Fund available for general governmental purposes wherein it shall
 33 be considered as revenue during the quarter immediately preceding receipt;

34 (b) Twenty percent to the cities of the state in such shares as the population of each city bears
 35 to the population of the cities of the state, as determined by Portland State University last preceding
 36 such apportionment, under ORS 190.510 to 190.610;

37 (c) Ten percent to counties in such shares as their respective populations bear to the total
 38 population of the state, as estimated from time to time by Portland State University; and

39 (d) Fourteen percent to the cities of the state to be distributed as provided in ORS 221.770 and
 40 this section.

41 (2) The commission shall direct the Oregon Department of Administrative Services to transfer
 42 50 percent of the revenues from the taxes imposed by ORS 473.030 and 473.035 to the Mental Health
 43 Alcoholism and Drug Services Account in the General Fund to be paid monthly as provided in ORS
 44 430.380.

45 (3) If the amount of revenues received from the taxes imposed by ORS 473.030 for the preceding

1 month was reduced as a result of credits claimed under ORS 473.047, the commission shall compute
2 the difference between the amounts paid or transferred as described in subsections (1)(b), (c) and (d)
3 and (2) of this section and the amounts that would have been paid or transferred under subsections
4 (1)(b), (c) and (d) and (2) of this section if no credits had been claimed. The commission shall direct
5 the Oregon Department of Administrative Services to pay or transfer amounts equal to the differ-
6 ences computed for subsections (1)(b), (c) and (d) and (2) of this section from the General Fund to
7 the recipients or accounts described in subsections (1)(b), (c) and (d) and (2) of this section.

8 (4) Notwithstanding subsection (1) of this section, no city or county shall receive for any fiscal
9 year an amount less than the amount distributed to the city or county in accordance with ORS
10 471.350 (1965 Replacement Part), 471.810, 473.190 and 473.210 (1965 Replacement Part) during the
11 1966-1967 fiscal year unless the city or county had a decline in population as shown by its census.
12 If the population declined, the per capita distribution to the city or county shall be not less than
13 the total per capita distribution during the 1966-1967 fiscal year. Any additional funds required to
14 maintain the level of distribution under this subsection shall be paid from funds credited under
15 subsection (1)(a) of this section.

16 (5) Notwithstanding subsection (1) of this section, amounts to be distributed from the Oregon
17 Liquor [*Control*] and Cannabis Commission Account that are attributable to a per bottle surcharge
18 imposed by the Oregon Liquor [*Control*] and Cannabis Commission, shall be credited to the General
19 Fund.

20 **SECTION 287.** ORS 471.817 is amended to read:

21 471.817. Each nonprofit organization formed by licensees to provide alternative transportation
22 for patrons of the licensees shall report annually to the Oregon Liquor [*Control*] and Cannabis
23 Commission. The commission may acknowledge receipt of the notice and shall keep a list of such
24 organizations that have given notice. The commission shall provide information to the Department
25 of Revenue on request for purposes of sections 2 and 4, chapter 700, Oregon Laws 1985.

26 **SECTION 288.** ORS 473.020 is amended to read:

27 473.020. The Oregon Liquor [*Control*] and Cannabis Commission shall administer this chapter,
28 and shall prescribe forms and make such rules and regulations as it deems necessary to enforce its
29 provisions.

30 **SECTION 289.** ORS 473.030 is amended to read:

31 473.030. (1) A tax is imposed upon the privilege of engaging in business as a manufacturer or
32 as an importing distributor of malt beverages at the rate of \$2.60 per barrel of 31 gallons on all such
33 beverages.

34 (2) A tax is imposed upon the privilege of engaging in business as a manufacturer or as an im-
35 porting distributor of wines at the rate of 65 cents per gallon on all such beverages.

36 (3) In addition to the tax imposed by subsection (2) of this section, a manufacturer or an im-
37 porting distributor of wines containing more than 14 percent alcohol by volume shall be taxed at the
38 rate of 10 cents per gallon.

39 (4) In addition to the taxes imposed by subsections (2) and (3) of this section, a manufacturer
40 or an importing distributor of wines shall be taxed at the rate of two cents per gallon.
41 Notwithstanding any other provision of law, all moneys collected by the Oregon Liquor [*Control*]
42 and Cannabis Commission pursuant to this subsection shall be paid into the account established
43 by the Oregon Wine Board under ORS 182.470.

44 (5) The rates of tax imposed by this section upon malt beverages apply proportionately to
45 quantities in containers of less capacity than those quantities specified in this section.

1 (6) The taxes imposed by this section shall be measured by the volume of wine or malt beverages
2 produced, purchased or received by any manufacturer. If the wine or malt beverage remains unsold
3 and in the possession of the producer at the plant where it was produced, no tax imposed or levied
4 by this section is required to be paid until the wine or malt beverage has become sufficiently aged
5 for marketing at retail, but this subsection shall not be construed so as to alter or affect any pro-
6 vision of this chapter relating to tax liens or the filing of statements.

7 **SECTION 290.** ORS 473.045 is amended to read:

8 473.045. (1) A tax is hereby imposed upon the sale or use of all agricultural products used in a
9 winery for making wine.

10 (2) The amount of the tax shall be \$25 per ton of grapes of the vinifera varieties, whether true
11 or hybrid.

12 (3) An equivalent tax is imposed upon the sale or use of vinifera or hybrid grape products im-
13 ported for use in a winery licensed under ORS chapter 471 for making wine. Such tax shall be \$25
14 per ton of grapes used to produce the imported grape product. The tax shall be determined on the
15 basis of one ton of grapes for each 150 gallons of wine made from such vinifera or hybrid grape
16 products.

17 (4) A tax on the sale or use of products that are not subject to subsection (2) or (3) of this
18 section that are used to make wine in this state shall be imposed at a rate of \$.021 per gallon of
19 wine made from those products.

20 (5) In the case of vinifera or hybrid grape products harvested in this state, \$12.50 of such tax
21 shall be levied and assessed against the person selling or providing such grape products to the
22 winery. If the purchasing winery is licensed under ORS chapter 471, that winery shall deduct the
23 tax levied under this subsection from the price paid to the seller. If the purchasing winery is not
24 licensed under ORS chapter 471, the seller shall report all sales on forms provided by the Oregon
25 Liquor [*Control*] and Cannabis Commission and pay \$12.50 per ton as a tax directly to the com-
26 mission.

27 (6) Taxes paid by sellers under subsection (5) of this section shall be collected by the Oregon
28 Liquor [*Control*] and Cannabis Commission on behalf of the Oregon Wine Board. The commission
29 may retain an amount sufficient to cover the cost of collecting the taxes paid under subsection (5)
30 of this section and shall transfer the remainder of those taxes to the board for deposit as provided
31 in ORS 576.775. Failure to pay a tax imposed under subsection (5) of this section subjects the vi-
32 olator to the penalty provided in ORS 473.992.

33 (7) Except for the tax specified in subsection (4) of this section the taxes specified under this
34 section shall be levied and assessed to the licensed winery at the time of purchase of the product
35 by the winery or of importation of the product, whichever is later. The tax specified in subsection
36 (4) of this section shall be levied and assessed to the licensed winery at the time the wine is made.

37 (8) The taxes imposed by this section shall be paid by the licensed winery and collected by the
38 commission subject to the same powers as taxes imposed and collected under ORS chapter 473. The
39 tax obligation for a calendar year shall be paid in two installments. Half shall be due on December
40 31 of the current calendar year. The remaining half shall be due the following June 30.

41 **SECTION 291.** ORS 473.047 is amended to read:

42 473.047. (1) As used in this section, "qualified marketing activity" means marketing activity:

43 (a) That promotes the sale of wine or wine products;

44 (b) That does not promote specific brands of wine or wine products or exclusively promote the
45 products of any particular winery; and

1 (c) That has been approved by the Oregon Wine Board.

2 (2) A credit against the privilege tax otherwise due under ORS 473.030 (2) is allowed to a man-
 3 ufacturer or importing distributor of wine for the qualified marketing activity expenditures made by
 4 the manufacturer or importing distributor in the calendar year prior to the year for which the credit
 5 is claimed.

6 (3) The credit allowed under this section shall be 28 percent of the sum of the following:

7 (a) One hundred percent of the cost of qualified marketing activity to the extent that the cost
 8 of the activity does not exceed the amount of taxes the manufacturer or importing distributor of
 9 wine owed under ORS 473.030 (2) on the first 40,000 gallons, or 151,000 liters, of wine sold annually
 10 in Oregon; and

11 (b) Twenty-five percent of the tax owed under ORS 473.030 (2) for qualified marketing activity
 12 on wine sales above 40,000 gallons, or 151,000 liters, of wine sold annually in Oregon.

13 (4) The credit allowed under this section may not exceed the tax liability of the manufacturer
 14 or importing distributor of wine under ORS 473.030 (2) for the calendar year following the year in
 15 which qualified marketing activity occurred.

16 (5) A manufacturer or importing distributor of wine that wishes to claim the credit allowed un-
 17 der this section shall submit with the manufacturer's or importing distributor's tax return form a
 18 certificate issued by the board verifying that the marketing activity was a qualified marketing ac-
 19 tivity. The credit shall be claimed on the form and include the information required by the Oregon
 20 Liquor [*Control*] and Cannabis Commission by rule.

21 (6) The credit shall be claimed against the taxes reported on the return filed under ORS 473.060
 22 for each month in the calendar year following the year in which the qualified marketing activity
 23 occurred, until the credit is completely used or the year ends, whichever occurs first.

24 (7) The board shall by rule further define, consistent with the definition in subsection (1) of this
 25 section, the marketing activities that constitute qualified marketing activity.

26 **SECTION 292.** ORS 473.050 is amended to read:

27 473.050. In computing any privilege tax imposed by ORS 473.030 or 473.035:

28 (1) No malt beverage, cider or wine is subject to tax more than once.

29 (2) No tax shall be levied, collected or imposed upon any malt beverage, cider or wine sold to
 30 the Oregon Liquor [*Control*] and Cannabis Commission or exported from the state.

31 (3) No tax shall be levied, collected or imposed upon any malt beverage given away and con-
 32 sumed on the licensed premises of a brewery licensee, or sold to or by a voluntary nonincorporated
 33 organization of army, air corps or navy personnel operating a place for the sale of goods pursuant
 34 to regulations promulgated by the proper authority of each such service.

35 (4) No tax shall be levied, collected or imposed upon any malt beverage, cider or wine deter-
 36 mined by the commission to be unfit for human consumption or unsalable.

37 (5) No tax shall be levied, collected or imposed upon the first 40,000 gallons, or 151,000 liters,
 38 of wine sold annually in Oregon from a United States manufacturer of wines producing less than
 39 100,000 gallons, or 379,000 liters, annually.

40 **SECTION 293.** ORS 473.060 is amended to read:

41 473.060. (1) The privilege taxes imposed by ORS 473.030 and 473.035 shall be paid to the Oregon
 42 Liquor [*Control*] and Cannabis Commission. The taxes covering the periods for which statements
 43 are required to be rendered by ORS 473.070 shall be paid before the time for filing such statements
 44 expires or, as concerns wines, on or before the 20th day of the month after such wines have been
 45 withdrawn from federal bond. If not so paid, a penalty of 10 percent and interest at the rate of one

1 percent a month or fraction of a month shall be added and collected. The commission may refund
2 any tax payment imposed upon or paid in error by any licensee, and may waive the collection or
3 refund the payment of any tax imposed and collected on wine, cider or malt beverages subsequently
4 exported from this state, sold to a federal instrumentality or to the commission, or determined by
5 the commission to be unfit for human consumption or unsalable.

6 (2) The commission may waive any interest or penalty assessed to a manufacturer subject to the
7 tax imposed under ORS 473.030 or 473.035 if the commission, in its discretion, determines that the
8 manufacturer has made a good faith attempt to comply with the requirements of this chapter.

9 (3) Except in the case of fraud, the commission may not assess any interest or penalty on any
10 tax due under ORS 473.030 or 473.035 following the expiration of 36 months from the date on which
11 was filed the statement required under ORS 473.070 reporting the quantity of wine, cider or malt
12 beverages upon which the tax is due.

13 (4) A manufacturer may appeal a tax imposed under ORS 473.030 or 473.035 in the manner of a
14 contested case under ORS chapter 183.

15 **SECTION 294.** ORS 473.065 is amended to read:

16 473.065. (1) If a manufacturer's total tax liability under ORS 473.030 (1) in the previous calendar
17 year was less than \$1,000, the manufacturer may deposit with the Oregon Liquor [Control] and
18 Cannabis Commission an amount in cash equal to the manufacturer's total tax liability under ORS
19 473.030 (1) for the previous calendar year in lieu of the bond required by ORS 471.155 (1).

20 (2) If a manufacturer's actual tax liability under ORS 473.030 (1) is less than the amount de-
21 posited under subsection (1) of this section, the manufacturer may request that the commission re-
22 fund the excess funds or may apply those funds toward the manufacturer's tax liability under ORS
23 473.030 (1) for the next calendar year.

24 (3) If a manufacturer's actual tax liability under ORS 473.030 (1) is greater than the amount
25 deposited under subsection (1) of this section, the manufacturer shall pay to the commission the
26 additional amount owed in the manner required under ORS 473.060.

27 (4) Unless the commission determines that a winery, grower sales privilege or warehouse
28 licensee or direct shipper or wine self-distribution permit holder presents an unusual risk for non-
29 payment of any license fees, privilege taxes, agricultural products taxes or other tax, penalty or
30 interest imposed under this chapter or ORS chapter 471, the commission shall waive the bond re-
31 quired under ORS 471.155 (1) for the licensee or permit holder if:

32 (a) The licensee or permit holder was not liable for a privilege tax under this chapter in the
33 immediately preceding calendar year and does not expect to be liable for a privilege tax under this
34 chapter in the current calendar year; or

35 (b) The licensee or permit holder of a business established during the current calendar year does
36 not expect to be liable for a privilege tax under this chapter in the current calendar year. As used
37 in this paragraph, "business" means:

38 (A) A winery.

39 (B) A business operated pursuant to a license issued under ORS 471.227.

40 (C) A warehouse.

41 (D) A business operated pursuant to a permit issued under ORS 471.274.

42 (E) A business operated pursuant to a permit issued under ORS 471.282.

43 **SECTION 295.** ORS 473.070 is amended to read:

44 473.070. (1) On or before the 20th day of each month, every manufacturer shall file with the
45 Oregon Liquor [Control] and Cannabis Commission a statement of the quantity of wine, cider and

1 malt beverages produced, purchased or received by the manufacturer during the preceding calendar
2 month.

3 (2) Notwithstanding subsection (1) of this section, a manufacturer of wine that was not liable for
4 a privilege tax under this chapter in the prior calendar year and that does not expect to be liable
5 for a privilege tax under this chapter in the current calendar year, or a manufacturer of wine that
6 is newly established during the current calendar year and that does not expect to be liable for a
7 privilege tax under this chapter in the current calendar year, may file a single annual statement of
8 the quantity of wine produced, purchased or received by the manufacturer during the current cal-
9 endar year. The annual statement shall be filed with the commission on or before January 20 of the
10 following year.

11 **SECTION 296.** ORS 473.080 is amended to read:

12 473.080. If any manufacturer fails, neglects or refuses to file a statement required by ORS
13 473.070 or files a false statement, the Oregon Liquor [*Control*] **and Cannabis** Commission shall es-
14 timate the amount of wine, cider and malt beverages produced, purchased or received by the man-
15 ufacturer and assess the privilege tax thereon. The manufacturer shall be estopped from complaining
16 of the amount so estimated.

17 **SECTION 297.** ORS 473.100 is amended to read:

18 473.100. (1) Whenever any manufacturer is delinquent in the payment of the privilege tax pro-
19 vided for in ORS 473.030 and 473.035, the Oregon Liquor [*Control*] **and Cannabis** Commission or its
20 duly authorized representative shall seize any property subject to the tax and sell, at public auction,
21 property so seized, or a sufficient portion thereof to pay the privilege tax due, together with any
22 penalties imposed under ORS 473.060 for such delinquency and all costs incurred on account of the
23 seizure and sale.

24 (2) Written notice of the intended sale and the time and place thereof, shall be given to such
25 delinquent manufacturer and to all persons appearing of record to have an interest in the property,
26 at least 10 days before the date set for the sale. The notice shall be enclosed in an envelope ad-
27 dressed to the manufacturer at the last-known residence or place of business of the manufacturer
28 in this state, if any; and in the case of any person appearing of record to have an interest in such
29 property, addressed to such person at the last-known place of residence of the person, if any. The
30 envelope shall be deposited in the United States mail, postage prepaid. In addition, notice shall be
31 published for at least 10 days before the date set for such sale, in a newspaper of general circulation
32 published in the county in which the property seized is to be sold. If there is no newspaper of gen-
33 eral circulation in such county, the notice shall be posted in three public places in such county for
34 the 10-day period. The notice shall contain a description of the property to be sold, a statement of
35 the amount of the privilege taxes, penalties and costs, the name of the manufacturer and the further
36 statement that, unless the privilege taxes, penalties and costs are paid on or before the time fixed
37 in the notice for the sale, the property, or so much thereof as may be necessary, will be sold in
38 accordance with law and the notice.

39 **SECTION 298.** ORS 473.110 is amended to read:

40 473.110. At the sale, the property shall be sold by the Oregon Liquor [*Control*] **and Cannabis**
41 Commission or by its duly authorized agent in accordance with law and the notice. The commission
42 shall deliver to the purchaser a bill of sale for the personal property, and a deed for any real
43 property so sold. The bill of sale or deed vests title in the purchaser. The unsold portion of any
44 property seized under ORS 473.100 may be left at the place of sale at the risk of the manufacturer.
45 If upon any such sale, the money received exceeds the amount of all privilege taxes, penalties and

1 costs due the state from the manufacturer, the excess shall be returned to the manufacturer, and a
2 receipt therefor obtained. However, if any person having an interest in or lien upon the property
3 has filed with the commission, prior to the sale, notice of interest or lien, the commission shall
4 withhold any such excess pending a determination of the rights of the respective parties thereto by
5 a court of competent jurisdiction. If the receipt of the manufacturer is not available, the commission
6 shall deposit such excess money with the State Treasurer, as trustee for the owner, subject to the
7 order of the manufacturer, the heirs, successors or assigns of the manufacturer.

8 **SECTION 299.** ORS 473.120 is amended to read:

9 473.120. (1) The Oregon Liquor [*Control*] **and Cannabis** Commission shall immediately transmit
10 notice of the delinquency mentioned in ORS 473.100 to the Attorney General. The Attorney General
11 shall at once proceed to collect all sums due to the state from the manufacturer under this chapter
12 by bringing suit against the necessary parties to effect forfeiture of the bonds of the manufacturer,
13 reducing any deficiency to judgment against the manufacturer.

14 (2) The remedies of the state provided in ORS 473.090 to 473.120 are cumulative and no action
15 taken by the commission or Attorney General constitutes an election on the part of the state or any
16 of its officers to pursue one remedy to the exclusion of any other remedy provided in this chapter.

17 **SECTION 300.** ORS 473.130 is amended to read:

18 473.130. In any suit brought to enforce the rights of the state, the assessment made by the
19 Oregon Liquor [*Control*] **and Cannabis** Commission under ORS 473.080, or a copy of so much thereof
20 as is applicable in such suit, duly certified by the commission and showing unpaid privilege taxes
21 assessed against any manufacturer, is prima facie evidence:

22 (1) Of the assessment of the privilege tax and the delinquency thereof.

23 (2) Of the amount of the privilege tax, interest, penalties and costs due and unpaid to the state.

24 (3) That the manufacturer is indebted to this state in the amount of such privilege tax, interest
25 and penalties therein appearing unpaid.

26 (4) That the law relating to assessment and levy of such privilege tax has been fully complied
27 with by all persons required to perform administrative duties under this chapter.

28 **SECTION 301.** ORS 473.140 is amended to read:

29 473.140. Every manufacturer shall keep a complete and accurate record of all sales of wine,
30 cider and malt beverages, a complete and accurate record of the number of gallons imported,
31 produced, purchased, manufactured, brewed or fermented, and the date of importation, production,
32 purchase, manufacturing, brewing or fermentation. The records shall be in such form and contain
33 such other information as the Oregon Liquor [*Control*] **and Cannabis** Commission may prescribe.
34 The commission, by rule or regulation, may require the delivery of statements by distributors to
35 purchasers, with wine, cider and malt beverages, and prescribe the matters to be contained therein.
36 Such records and statements shall be preserved by the distributor and the purchaser respectively,
37 for a period of two years, and shall be offered for inspection at any time upon oral or written de-
38 mand by the commission or its duly authorized agents.

39 **SECTION 302.** ORS 473.150 is amended to read:

40 473.150. (1) The Oregon Liquor [*Control*] **and Cannabis** Commission may, at any time, examine
41 the books and records of a holder of a wine self-distribution permit or of any manufacturer of wine,
42 cider or malt beverages, and may appoint auditors, investigators and other employees that the
43 commission considers necessary to enforce its powers and perform its duties under this section.

44 (2) Every holder of a wine self-distribution permit and every manufacturer shall maintain and
45 keep for two years all records, books and accounts required by this chapter and shall provide copies

1 of those records, books and accounts to the commission when requested by the commission.

2 **SECTION 303.** ORS 473.160 is amended to read:

3 473.160. Every person transporting wine, cider or malt beverages within this state, whether such
4 transportation originates within or without this state, shall keep a true and accurate record of wine,
5 cider or malt beverages transported. The record shall include ingredients which may be used in the
6 manufacture, production, brewing or fermentation of the wine, cider or malt beverages, showing
7 such facts with relation to those beverages, their ingredients and their transportation, as the Oregon
8 Liquor [*Control*] **and Cannabis** Commission may require. The records shall be open to inspection
9 by the representative of the commission at any time. The commission may require from any such
10 person sworn returns of all or any part of the information shown by the records.

11 **SECTION 304.** ORS 473.170 is amended to read:

12 473.170. (1) No manufacturer shall:

13 (a) Fail to pay the privilege tax prescribed in ORS 473.030 and 473.035 when it is due; or

14 (b) Falsify the statement required by ORS 473.070.

15 (2) No person shall:

16 (a) Refuse to permit the Oregon Liquor [*Control*] **and Cannabis** Commission or any of its rep-
17 resentatives to make an inspection of the books and records authorized by ORS 473.140 to 473.160;

18 (b) Fail to keep books of account prescribed by the commission or required by this chapter;

19 (c) Fail to preserve the books for two years for inspection of the commission; or

20 (d) Alter, cancel or obliterate entries in the books of account for the purpose of falsifying any
21 record required by this chapter to be made, maintained or preserved.

22 **SECTION 305.** ORS 474.115 is amended to read:

23 474.115. (1) It shall be unlawful for any wholesaler to sell any brand of malt beverage in this
24 state except in the territory described in an agreement with the manufacturer or importer author-
25 izing sale by the wholesaler of the brand within a designated territory. Within the designated ter-
26 ritory the wholesaler must service as provided in subsection (2) of this section all of the customers
27 without discrimination. The territorial agreement must be in writing and must specify the brand or
28 brands it covers. Where a manufacturer or importer sells several brands, the agreement need not
29 apply to all brands sold by the manufacturer or importer and may apply only to one brand. No
30 manufacturer or importer shall provide by the written agreement for the distribution of a brand to
31 more than one distributor for all or any part of the designated territory. All such agreements shall
32 be filed with the Oregon Liquor [*Control*] **and Cannabis** Commission.

33 (2) Every malt beverage wholesaler licensed shall service for the purpose of quality control all
34 of the malt beverages it sells to its customers. Each wholesaler shall provide quality control services
35 and comply with quality control standards as are specified in writing from time to time by the owner
36 of the trademark of the brand or brands of malt beverage if:

37 (a) These services or standards are reasonable and are reasonably related to the maintenance
38 of quality control; and

39 (b) The wholesaler has received written notice of them.

40 (3) An exclusive territorial designation in any agreement shall be changed only upon the written
41 notice of the manufacturer and shall be filed pursuant to this section and ORS 474.105. The com-
42 mission shall require the manufacturer to verify that the level of service within the designated ter-
43 ritory will not be affected by the change. The notice shall only be given after recognizing all rights
44 of the wholesaler and duties of the manufacturer contained in any written agreement between them.
45 However, if a wholesaler is prevented from servicing the territory due to fire, flood, labor disputes

1 or other causes beyond reasonable control, and if first given permission by the duly licensed exclu-
 2 sive wholesaler of that area and approved by the manufacturer and the commission, another licensed
 3 wholesaler not within the designated area may sell the specified brands of malt beverage in that
 4 designated area.

5 (4)(a) It shall be unlawful for any wholesaler, either directly or indirectly, to grant or to afford
 6 a quantity discount in connection with the sale of malt beverages to any retailer in this state.

7 (b) No provision of any agreement between any manufacturer and importer shall expressly or
 8 by implication, or in its operation, establish or maintain the resale price of any brand or brands of
 9 malt beverage by the wholesaler.

10 **SECTION 306.** ORS 565.515 is amended to read:

11 565.515. The state fair director may authorize the conducting of any lawful business at
 12 fairground properties and facilities. A business operating on fairground properties or facilities under
 13 authorization from the state fair director is not required to obtain a local business license for the
 14 operation. However, nothing in this section shall interfere with the laws of this state requiring a
 15 license for the operation of a restaurant or requiring a license to be obtained from the Oregon Li-
 16 quor [*Control*] **and Cannabis** Commission for the sale or distribution of alcoholic liquors.

17 **SECTION 307.** ORS 576.768 is amended to read:

18 576.768. (1) The report submitted by the Oregon Wine Board under ORS 182.472 must include a
 19 description of the long term strategic plan created by the board and a description of the progress
 20 made in implementing the statewide strategic objectives of the board during the most recent
 21 biennium.

22 (2) Notwithstanding ORS 182.462:

23 (a) The board shall prepare and submit annual plans and a budget recommended by the board
 24 for promotion and for research during the next fiscal year.

25 (b) The board shall adopt rules specifying the procedures, criteria and timelines for the prepa-
 26 ration and approval of the annual plans and budget for promotion and for research.

27 (c) The Director of the Oregon Business Development Department shall review the budget and
 28 plans submitted under this section. In reviewing the annual plans and budget, the director shall
 29 consider whether the information supplied by the board is factual and consistent with ORS 576.750
 30 to 576.775 and the positive development of the Oregon wine grape growing and wine making indus-
 31 tries. The director shall either approve the budget and plans prior to the commencement of the next
 32 fiscal year or disapprove and return the budget and plans to the board with conditions necessary
 33 for approval prior to the commencement of the next fiscal year. In reviewing the budget and plans,
 34 the director may consult with and receive coordinated support from:

35 (A) The State Department of Agriculture;

36 (B) The Oregon Tourism Commission;

37 (C) Oregon State University;

38 (D) The Office of Community Colleges and Workforce Development; and

39 (E) The Oregon Liquor [*Control*] **and Cannabis** Commission.

40 **SECTION 308.** ORS 576.771 is amended to read:

41 576.771. (1) If a person selling or providing grape product to a winery performs part of the pro-
 42 cessing function of a winery, the person shall report the sale or provision of the grape product and
 43 pay the tax imposed under ORS 473.045 (5).

44 (2) A person or winery required to pay a tax under ORS 473.045 (5) shall keep accurate records
 45 sufficient to enable the Oregon Liquor [*Control*] **and Cannabis** Commission to determine by in-

1 spection and audit the accuracy of the taxes paid or due the Oregon Wine Board and of reports
 2 made or due to the commission.

3 (3) The commission or a designee of the commission may inspect and audit the records referred
 4 to in subsection (2) of this section for the purpose referred to in subsection (2) of this section.

5 (4) A person or winery may not refuse to permit an inspection and audit under subsection (3)
 6 of this section during business hours.

7 (5) In addition to the penalties prescribed in ORS 473.992, a person or winery that delays
 8 transmittal of tax payments under ORS 473.045 (5) beyond the due date specified in ORS 473.045
 9 shall pay five percent of the overdue amount for the first full or partial month of delay and one
 10 percent of the overdue amount for each full or partial month of delay thereafter.

11 (6) If a winery willfully refuses to turn over tax moneys withheld under ORS 473.045 (5), the
 12 winery shall pay an additional amount equal to twice the amount of the tax moneys not turned over.

13 **SECTION 309.** ORS 659A.320 is amended to read:

14 659A.320. (1) Except as provided in subsection (2) of this section, it is an unlawful employment
 15 practice for an employer to obtain or use for employment purposes information contained in the
 16 credit history of an applicant for employment or an employee, or to refuse to hire, discharge, de-
 17 mote, suspend, retaliate or otherwise discriminate against an applicant or an employee with regard
 18 to promotion, compensation or the terms, conditions or privileges of employment based on informa-
 19 tion in the credit history of the applicant or employee.

20 (2) Subsection (1) of this section does not apply to:

21 (a) Employers that are federally insured banks or credit unions;

22 (b) Employers that are required by state or federal law to use individual credit history for em-
 23 ployment purposes;

24 (c) The application for employment or the employment of a public safety officer who will be or
 25 who is:

26 (A) A member of a law enforcement unit;

27 (B) Employed as a peace officer commissioned by a city, port, school district, mass transit dis-
 28 trict, county, university under ORS 352.121 or 353.125, Indian reservation, the Superintendent of
 29 State Police under ORS 181A.340, the Criminal Justice Division of the Department of Justice, the
 30 Oregon State Lottery Commission or the Governor or employed as a regulatory specialist by the
 31 Oregon Liquor [*Control*] and Cannabis Commission; and

32 (C) Responsible for enforcing the criminal laws of this state or laws or ordinances related to
 33 airport security; or

34 (d) The obtainment or use by an employer of information in the credit history of an applicant
 35 or employee because the information is substantially job-related and the employer's reasons for the
 36 use of such information are disclosed to the employee or prospective employee in writing.

37 (3) An employee or an applicant for employment may file a complaint under ORS 659A.820 for
 38 violations of this section and may bring a civil action under ORS 659A.885 and recover the relief
 39 as provided by ORS 659A.885 (1) and (2).

40 (4) As used in this section, "credit history" means any written or other communication of any
 41 information by a consumer reporting agency that bears on a consumer's creditworthiness, credit
 42 standing or credit capacity.

43 **SECTION 310.** ORS 802.250 is amended to read:

44 802.250. (1) An eligible public employee may request that any driver or vehicle record kept by
 45 the Department of Transportation that contains or is required to contain the eligible employee's

1 residence address contain instead the address of the public agency employing the eligible employee.

2 A request under this section shall:

3 (a) Be in a form specified by the department that provides for verification of the eligible
4 employee's employment.

5 (b) Contain verification by the employing public agency of the eligible employee's employment
6 with the public agency.

7 (2) Upon receipt of a request and verification under subsection (1) of this section, the depart-
8 ment shall remove the eligible employee's residence address from its records, if necessary, and sub-
9 stitute therefor the address of the public agency employing the eligible employee. The department
10 shall indicate on the records that the address shown is an employment address. While the request
11 is in effect, the eligible employee may enter the address of the public agency employing the eligible
12 employee on any driver or vehicle form issued by the department that requires an address.

13 (3) A public agency that verifies an eligible employee's employment under subsection (1) of this
14 section shall notify the department within 30 days if the eligible employee ceases to be employed
15 by the public agency. The eligible employee shall notify the department of a change of address as
16 provided in ORS 803.220 or 807.560.

17 (4) If an eligible employee is killed in the line of duty, a person who is a household member of
18 the eligible employee may request that any driver or vehicle record kept by the department that
19 contains or is required to contain the household member's residence address continue to contain the
20 address of the public agency that employed the eligible employee for up to four years after the date
21 of the death of the eligible employee. On or before the date on which the four-year period ends, the
22 household member shall notify the department of a change of address as provided in ORS 803.220
23 or 807.560. A request under this subsection shall be in a form specified by the department.

24 (5) As used in this section, "eligible employee" means:

25 (a) A member of the State Board of Parole and Post-Prison Supervision.

26 (b) The Director of the Department of Corrections and an employee of an institution defined in
27 ORS 421.005 as Department of Corrections institutions, whose duties, as assigned by the super-
28 intendent, include the custody of persons committed to the custody of or transferred to the institu-
29 tion.

30 (c) A parole and probation officer employed by the Department of Corrections and an employee
31 of the Department of Corrections Release Center whose duties, as assigned by the Chief of the Re-
32 lease Center, include the custody of persons committed to the custody of or transferred to the Re-
33 lease Center.

34 (d) A police officer appointed under ORS 276.021 or 276.023.

35 (e) An employee of the State Department of Agriculture who is classified as a brand inspector
36 by the Director of Agriculture.

37 (f) An investigator of the Criminal Justice Division of the Department of Justice.

38 (g) A corrections officer as defined in ORS 181A.355.

39 (h) A federal officer. As used in this paragraph, "federal officer" means a special agent or law
40 enforcement officer employed by:

41 (A) The Federal Bureau of Investigation;

42 (B) The United States Secret Service;

43 (C) The United States Citizenship and Immigration Services;

44 (D) The United States Marshals Service;

45 (E) The Drug Enforcement Administration;

- 1 (F) The United States Postal Service;
- 2 (G) The United States Customs and Border Protection;
- 3 (H) The United States General Services Administration;
- 4 (I) The United States Department of Agriculture;
- 5 (J) The Bureau of Alcohol, Tobacco, Firearms and Explosives;
- 6 (K) The Internal Revenue Service;
- 7 (L) The United States Department of the Interior; or
- 8 (M) Any federal agency if the person is empowered to effect an arrest with or without warrant
- 9 for violations of the United States Code and is authorized to carry firearms in the performance of
- 10 duty.

11 (i) An employee of the Department of Human Services or the Oregon Health Authority whose

12 duties include personal contact with clients or patients of the department or the authority.

13 (j) Any judge of a court of this state.

14 (k) An employee of the Oregon Youth Authority whose duties include personal contact with

15 persons committed to the legal or physical custody of the authority.

16 (L) A district attorney, as defined in ORS 131.005, or deputy district attorney.

17 (m) An employee who provides educational services to persons who are clients or patients of the

18 Department of Human Services or the Oregon Health Authority, who are under the jurisdiction of

19 the Psychiatric Security Review Board or who are under the custody or supervision of the Depart-

20 ment of Corrections, the State Board of Parole and Post-Prison Supervision, a community corrections

21 agency, the Oregon Youth Authority or a juvenile department. As used in this paragraph, “employee

22 who provides educational services” means a person who provides instruction, or services related to

23 the instruction, of a subject usually taught in an elementary school, a secondary school or a com-

24 munity college or who provides special education and related services in other than a school setting

25 and who works for:

26 (A) An education service district or a community college district; or

27 (B) A state officer, board, commission, bureau, department or division in the executive branch

28 of state government that provides educational services.

29 (n) An employee of the Oregon Liquor [Control] **and Cannabis** Commission who is:

30 (A) A regulatory specialist; or

31 (B) A regulatory manager.

32 (o) A police officer as defined in ORS 801.395.

33 (p) An employee whose duties include personal contact with criminal offenders and who is em-

34 ployed by a law enforcement unit, as defined in ORS 181A.355.

35 (q) A civil code enforcement officer, as defined in ORS 192.501.

36 **SECTION 311.** Section 4, chapter 106, Oregon Laws 2013, is amended to read:

37 **Sec. 4.** Report. No later than March 1 of each odd-numbered year, the Oregon Liquor [Control]

38 **and Cannabis** Commission shall submit a report to the Legislative Assembly regarding beverage

39 container redemption centers approved pursuant to the provisions of ORS 459A.737. The report must

40 include, for the two previous calendar years:

41 (1) The number of beverage containers that are returned for refund value as a percentage of the

42 total number of beverage containers sold in this state.

43 (2) The number of beverage container redemption centers operating in this state and the number

44 of redemption centers for which applications are pending with the commission.

45 (3) The number of beverage containers that are returned for refund value in areas designated

1 by the commission and the number of beverage containers returned for refund value in each area
 2 in the year before the beverage container redemption center began operation.

3 (4) The number of beverage containers that are returned for refund value to beverage container
 4 redemption centers in this state and the number of beverage containers that are returned for refund
 5 value to dealers in this state.

6 **SECTION 312.** Section 1, chapter 221, Oregon Laws 2015, is amended to read:

7 **Sec. 1.** (1) As used in this section, “tax-exempt” means recognized as tax-exempt under section
 8 501(c) of the Internal Revenue Code.

9 (2) A tax-exempt nonprofit organization may supply to the Oregon Liquor [*Control*] **and**
 10 **Cannabis** Commission copies of informational materials about human trafficking. The organization
 11 may not charge the commission for the materials. The form of the materials may include, but need
 12 not be limited to, adhesive stickers. The materials may not include information on topics other than
 13 human trafficking. The materials must be limited in content to objectively verifiable information,
 14 except that the materials may include logos, symbols, graphics or similar devices and may include
 15 a cover letter to commission licensees to urge the licensees to post the adhesive materials or other
 16 materials at the licensees’ premises.

17 (3) Except as provided in this subsection, if a tax-exempt nonprofit organization supplies the
 18 commission with informational materials as described in subsection (2) of this section, the commis-
 19 sion shall include a copy of the materials with each license renewal notice that the commission
 20 sends to an on-premises sales, off-premises sales or brewery-public house licensee. The number of
 21 copies of the materials that the commission sends to licensees may not exceed the number of copies
 22 that the organization supplies to the commission. If the commission determines that the informa-
 23 tional materials have offensive or inappropriate content, the commission may refuse to include the
 24 materials with license renewal notices or otherwise assist in distributing the materials.

25
 26 **REGULATION OF MARIJUANA AS A CROP**

27
 28 **(Growers of Marijuana for Medical Use)**
 29 **(Effective 91st Day After Adjournment Sine Die)**

30
 31 **SECTION 312a.** As used in sections 312a to 312L of this 2017 Act:

32 (1) “Agricultural marijuana seed” means cannabis seed:

33 (a) That is sold to or intended to be sold to registered growers for planting; or

34 (b) That remains in an unprocessed or partially processed condition that is capable of
 35 germination.

36 (2) “Crop” means marijuana produced for one or more registry identification cardholders
 37 under a single grower registration.

38 (3) “Designated primary caregiver” has the meaning given that term in ORS 475B.410.

39 (4) “Grower” means a person, joint venture or cooperative that produces marijuana for
 40 a registry identification cardholder.

41 (5) “Marijuana”:

42 (a) Means the plant Cannabis family Cannabaceae and any part of the plant Cannabis
 43 family Cannabaceae.

44 (b) Means any cannabis seed:

45 (A) That is part of a crop;

1 (B) That is retained by a grower for future planting;

2 (C) That is agricultural marijuana seed;

3 (D) That is for processing into or for use as agricultural marijuana seed; or

4 (E) That has been processed in a manner or to an extent that the cannabis seed is inca-
5 pable of germination.

6 (c) "Marijuana" does not include industrial hemp, as defined in ORS 571.300.

7 (6) "Registry identification cardholder" has the meaning given that term in ORS 475B.410.

8 (7) "Usable marijuana" has the meaning given that term in ORS 475B.410.

9 **SECTION 312b.** Marijuana produced for registry identification cardholders pursuant to
10 sections 312a to 312L of this 2017 Act is subject to regulation by the State Department of
11 Agriculture.

12 **SECTION 312c.** (1) Except as provided under ORS 475B.010 to 475B.395, to produce
13 marijuana for a registry identification cardholder, a person must be registered with the State
14 Department of Agriculture as a grower.

15 (2)(a) For a grower to produce agricultural marijuana seed, the grower must be regis-
16 tered with the department as an agricultural marijuana seed producer.

17 (b) Notwithstanding paragraph (a) of this subsection:

18 (A) A grower registered under this section that retains agricultural marijuana seed as
19 described in section 312g of this 2017 Act is not required to register with the department as
20 an agricultural marijuana seed producer; and

21 (B) A grower registered under this section that produces cannabis seeds that are inca-
22 pable of germination is not required to register with the department as an agricultural
23 marijuana seed producer.

24 (3) An applicant for registration under this section must submit to the department, in a
25 form and manner prescribed by the department, the following information:

26 (a) The name and address of the applicant;

27 (b) The name and address of the operation of the applicant; and

28 (c) Any other information required by the department by rule.

29 (4) Registration under this section is valid for a one-year term, beginning on January 1.
30 A grower or agricultural marijuana seed producer may renew a registration under this sec-
31 tion in a form and manner prescribed by the department.

32 (5) A registration under this section is a personal privilege and is not transferable.

33 (6) A grower registered under this section must keep records as required by the depart-
34 ment by rule. Upon not less than three days' notice, the department may subject the records
35 to inspection or audit during normal business hours. The department may make an in-
36 spection or audit for the purpose of ensuring compliance with:

37 (a) Sections 312a to 312L of this 2017 Act;

38 (b) A rule adopted under sections 312a to 312L of this 2017 Act; or

39 (c) An order issued by the department pursuant to sections 312a to 312L of this 2017 Act
40 or a rule adopted under sections 312a to 312L of this 2017 Act.

41 (7) In addition to any inspection conducted pursuant to ORS 561.275, the department may
42 inspect any crop during the crop's growth phase and take a representative composite sample
43 for field analysis.

44 (8) The department may charge growers and agricultural marijuana seed producers ap-
45 plication, registration and renewal of registration fees reasonably calculated by the depart-

1 ment to pay the cost of administering sections 312a to 312L of this 2017 Act. Moneys from
 2 fees charged under this subsection shall be deposited in the Department of Agriculture Ser-
 3 vice Fund and are continuously appropriated to the department for purposes of carrying out
 4 the duties of the department under sections 312a to 312L of this 2017 Act.

5 **SECTION 312d.** (1) A grower registered under section 312c of this 2017 Act may produce
 6 marijuana for a registry identification cardholder, and provide usable marijuana to the reg-
 7 istry identification cardholder or to the designated primary caregiver of the registry iden-
 8 tification cardholder, if the grower enters into an agreement with the registry identification
 9 cardholder for whom the grower is producing the marijuana. An agreement entered into
 10 under this section:

11 (a) Must be submitted to the State Department of Agriculture in a manner prescribed
 12 by the department;

13 (b) Except as provided in paragraph (c) of this subsection, may not allow the grower to
 14 be compensated for producing the marijuana or providing the usable marijuana;

15 (c) May require a registry identification cardholder, or a designated primary caregiver
 16 on behalf of a registry identification cardholder, to reimburse a grower for all costs associ-
 17 ated with producing marijuana for the registry identification cardholder or providing usable
 18 marijuana to the registry identification cardholder or designated primary caregiver;

19 (d) May not allow the grower to produce for the registry identification cardholder an
 20 amount of mature marijuana plants that exceeds the amount that a registry identification
 21 cardholder and the designated primary caregiver of the registry identification cardholder
 22 may jointly possess under ORS 475B.428;

23 (e) May not allow the grower to provide to the registry identification cardholder or des-
 24 igned primary caregiver an amount of usable marijuana that exceeds the amount that a
 25 registry identification cardholder and the designated primary caregiver of the registry iden-
 26 tification cardholder may jointly possess under ORS 475B.430; and

27 (f) May allow the grower to keep a portion of the usable marijuana harvested from the
 28 marijuana produced for the registry identification cardholder for the purposes of:

29 (A) Providing usable marijuana to additional registry identification cardholders or desig-
 30 nated primary caregivers; and

31 (B) Transferring or selling usable marijuana to marijuana processors producers that hold
 32 a license issued under ORS 475B.090 and that are registered under section 3, chapter 83,
 33 Oregon Laws 2016, marijuana wholesalers that hold a license issued under ORS 475B.100 and
 34 that are registered under section 4, chapter 83, Oregon Laws 2016 and marijuana retailers
 35 that hold a license issued under ORS 475B.110 and that are registered under section 5,
 36 chapter 83, Oregon Laws 2016.

37 (2) Marijuana produced and usable marijuana provided under this section must be tracked
 38 by the system developed and maintained under ORS 475B.150.

39 (3)(a) Upon request by the department and notwithstanding any laws relating to the
 40 confidentiality of information under ORS 475B.460, the registration information of the fol-
 41 lowing shall be released to the department:

42 (A) A registry identification cardholder who enters into an agreement under this section;
 43 or

44 (B) A registry identification cardholder or designated primary caregiver who receives
 45 usable marijuana pursuant to an agreement entered into under this section.

1 (b) Registration information received by the department under this subsection that is
2 confidential and not subject to public disclosure under ORS 475B.460 remains confidential and
3 not subject to public disclosure after being provided to the department.

4 (4) The department shall adopt rules necessary to administer this section, including
5 rules:

6 (a) Limiting the number of registry identification cardholders for whom a grower regis-
7 tered under section 312c of this 2017 Act may produce marijuana; and

8 (b) Prohibiting a registry identification cardholder from entering into more than one
9 agreement under this section.

10 **SECTION 312e.** A grower registered under section 312c of this 2017 Act may use any
11 propagation method, including planting seeds or starts or the use of clones or cuttings, to
12 produce marijuana for a registry identification cardholder.

13 **SECTION 312f.** A grower registered under section 312c of this 2017 Act shall provide the
14 State Department of Agriculture, in a time, form and manner prescribed by the department,
15 with an accurate description and the global positioning system coordinates of the property
16 on which the grower's crop is or will be located.

17 **SECTION 312g.** (1) A grower registered under section 312c of this 2017 Act may retain
18 agricultural marijuana seed for the purpose of propagating marijuana in future years.

19 (2) A grower registered under section 312c of this 2017 Act that produces agricultural
20 marijuana seed only for the purpose of retaining the agricultural marijuana seed as described
21 in subsection (1) of this section:

22 (a) Does not need to register with the State Department of Agriculture under section
23 312c of this 2017 Act as an agricultural marijuana seed producer; and

24 (b) Does not need to comply with any rule adopted by the department related to agri-
25 cultural marijuana seed production.

26 **SECTION 312h.** (1) An agricultural marijuana seed producer registered under section 312c
27 of this 2017 Act:

28 (a) Must sell agricultural marijuana seed in a manner that complies with any standard
29 established by the Director of Agriculture under ORS 633.511 to 633.750; and

30 (b) May sell agricultural marijuana seed only if the agricultural marijuana seed meets
31 any packaging or labeling requirement, or any quality standard, adopted by the director un-
32 der subsection (2) of this section.

33 (2) The director may adopt rules establishing packaging requirements, labeling require-
34 ments and quality standards for agricultural marijuana seed.

35 (3) The State Department of Agriculture shall make available to growers registered under
36 section 312c of this 2017 Act information that identifies agricultural marijuana seed produc-
37 ers registered under section 312c of this 2017 Act from whom the growers may purchase
38 agricultural marijuana seed.

39 **SECTION 312i.** (1) For purposes of this section, "consumption" means to ingest, inhale
40 or topically apply to the skin or hair.

41 (2) A laboratory licensed under ORS 475B.560 and accredited by the Oregon Health Au-
42 thority pursuant to ORS 475B.565 may test marijuana produced by a grower registered under
43 section 312c of this 2017 Act.

44 (3) A grower registered under section 312c of this 2017 Act may not transfer or sell
45 marijuana as provided in section 312d of this 2017 Act unless the crop from which the

1 marijuana is harvested is tested by a laboratory described in subsection (2) of this section
 2 to ensure that the marijuana meets the requirements adopted by the Oregon Health Au-
 3 thority under ORS 475B.555 (1)(a) and (b) for testing marijuana items.

- 4 (4) For purposes of this section, the State Department of Agriculture shall adopt rules:
 5 (a) Establishing protocols for the testing of marijuana; and
 6 (b) Establishing procedures for determining batch sizes and sampling crops.

7 **SECTION 312j.** (1) Subject to the provisions of ORS chapter 183, the State Department
 8 of Agriculture may revoke the registration of a grower or agricultural marijuana seed pro-
 9 ducer or refuse to register or renew the registration if a grower or agricultural marijuana
 10 seed producer violates:

- 11 (a) Sections 312a to 312L of this 2017 Act;
 12 (b) A rule adopted under sections 312a to 312L of this 2017 Act;
 13 (c) An order issued by the department pursuant to sections 312a to 312L of this 2017 Act
 14 or a rule adopted under sections 312a to 312L of this 2017 Act; or
 15 (d) Any other statutory law or department rule related to agricultural activities.

16 (2) The department may not revoke a registration or refuse to issue a registration under
 17 this section on the basis that possessing, delivering and manufacturing marijuana are pro-
 18 hibited by federal law.

19 **SECTION 312k.** (1) Subject to the provisions of ORS chapter 183, the State Department
 20 of Agriculture may impose a civil penalty not to exceed \$2,500 on a grower or agricultural
 21 marijuana seed producer for violating:

- 22 (a) Sections 312a to 312L of this 2017 Act;
 23 (b) A rule adopted under sections 312a to 312L of this 2017 Act; or
 24 (c) An order issued by the department pursuant to sections 312a to 312L of this 2017 Act
 25 or a rule adopted under sections 312a to 312L of this 2017 Act.

26 (2) The department may not discipline a grower or agricultural marijuana seed producer
 27 under this section on the basis that possessing, delivering and manufacturing marijuana are
 28 prohibited by federal law.

29 (3) All moneys collected by the department under this section shall be deposited in the
 30 General Fund in the State Treasury to the credit of the Department of Agriculture Account.
 31 All moneys deposited in the account pursuant to this section are continuously appropriated
 32 to the department for the purpose of administering sections 312a to 312L of this 2017 Act.

33 **SECTION 312L.** A person producing or assisting in the production of marijuana for reg-
 34 istry identification cardholders is exempt from the criminal laws of this state for possession,
 35 delivery or manufacture of marijuana, aiding and abetting another in the possession, delivery
 36 or manufacture of marijuana, or any other criminal offense in which possession, delivery or
 37 manufacture of marijuana is an element if the person is a grower registered under section
 38 312c of this 2017 Act or an agricultural marijuana seed producer registered under section
 39 312c of this 2017 Act.

40
 41 (Transitional Provisions)
 42 (Effective 91st Day After Adjournment Sine Die)
 43

44 **SECTION 312m.** (1) The State Department of Agriculture shall adopt by rule procedures
 45 by which a person responsible for a marijuana grow site registered under ORS 475B.420, or,

1 if multiple persons responsible for a marijuana grow site registered under ORS 475B.420 are
 2 located at the same address, each person responsible for a marijuana grow site located at
 3 the address, may apply to be registered under section 312c of this 2017 Act to transition,
 4 before the operative date specified in section 315 of this 2017 Act, from being registered by
 5 the Oregon Health Authority to being registered by the department.

6 (2)(a) In adopting rules under this section, the department shall adopt, at a minimum,
 7 procedures by which the inventory possessed by a person responsible for a marijuana grow
 8 site on the date on which the person responsible for a marijuana grow site is first subject
 9 to tracking by the Oregon Liquor Control Commission under ORS 475B.150:

10 (A) May be delivered as allowed under ORS 475B.160; or

11 (B) May be sold as allowed under section 312d of this 2017 Act.

12 (b) Procedures adopted under this subsection must require a person responsible for a
 13 marijuana grow site, or, if multiple persons responsible for a marijuana grow site are located
 14 at the same address, each person responsible for a marijuana grow site located at the ad-
 15 dress, to return to an individual to whom a registry identification card has been issued under
 16 ORS 475B.415, and for whom the person or persons are producing marijuana, all the
 17 marijuana and usable marijuana owned by the individual, except as otherwise allowed under
 18 a personal agreement entered into under ORS 475B.425:

19 (A) At the time that the person or the persons are registered under section 312c of this
 20 2017 Act; or

21 (B) Before the operative date specified in section 315 of this 2017 Act.

22 SECTION 312n. The address of an operation for which an application is submitted under
 23 section 312c of this 2017 Act and where a marijuana grow site registered under ORS 475B.420
 24 is located on the date immediately preceding the date on which the applicant submits the
 25 application, is not subject to any state law or rule or local ordinance or regulation that
 26 prohibits the production of marijuana at that location if the law, rule, ordinance or regu-
 27 lation does not apply to the marijuana grow site on the date immediately preceding the date
 28 on which the applicant submits the application.

29 SECTION 312o. Sections 312m and 312n of this 2017 Act are repealed on June 30, 2018.

30
 31 (Coordination and Study)

32 (Effective 91st Day After Adjournment Sine Die)

33
 34 SECTION 313. (1) The Oregon Liquor and Cannabis Commission shall coordinate with the
 35 State Department of Agriculture for the purpose of regulating marijuana producers that hold
 36 a license issued under ORS 475B.070. The department shall perform all functions and powers
 37 necessary to regulate the production of marijuana, as agreed upon by the commission and
 38 the department, except that the commission must fulfill the commission's duty to track the
 39 transfer of marijuana items under ORS 475B.150. Except as provided in ORS 475B.010 to
 40 475B.395, the department shall regulate marijuana in the same manner that the department
 41 regulates other crops that have similar organoleptic properties.

42 (2) On or before September 15, 2018, the commission and the department shall submit a
 43 report in the manner provided by ORS 192.245 to the Legislative Assembly that includes:

44 (a) A detailed description of the commission's and department's coordinating efforts; and

45 (b) Recommendations for legislation that would allow the department to better fulfill its

1 duties as prescribed by this section.

2 SECTION 314. Section 313 of this 2017 Act is repealed on December 31, 2018.

3
4 **OPERATIVE DATE**

5
6 SECTION 315. (1) Sections 10b and 10c of this 2017 Act, the amendments to statutes and
7 session laws by sections 11 to 23c, 91 to 96 and 119 to 133 of this 2017 Act and the repeal of
8 statutes and session laws by sections 24, 97 and 134 of this 2017 Act become operative on
9 June 30, 2018.

10 (2) The Oregon Liquor and Cannabis Commission and the Oregon Health Authority may
11 take any action before the operative date specified in subsection (1) of this section that is
12 necessary to enable the commission and authority to exercise, on and after the operative
13 date specified in subsection (1) of this section, all the duties, powers and functions conferred
14 on the commission and authority by sections 10b and 10c of this 2017 Act, the amendments
15 to statutes and session laws by sections 11 to 23c, 91 to 96 and 119 to 133 of this 2017 Act and
16 the repeal of statutes and session laws by sections 24, 97 and 134 of this 2017 Act become
17 operative on June 30, 2018.

18
19 **UNIT CAPTIONS**

20
21 SECTION 316. The unit captions used in this 2017 Act are provided only for the conven-
22 ience of the reader and do not become part of the statutory law of this state or express any
23 legislative intent in the enactment of this 2017 Act.

24
25 **EFFECTIVE DATE**

26
27 SECTION 317. This 2017 Act takes effect on the 91st day after the date on which the 2017
28 regular session of the Seventy-ninth Legislative Assembly adjourns sine die.

29 _____