

# A-Engrossed House Bill 2371

Ordered by the House April 21  
Including House Amendments dated April 21

Sponsored by Representatives WILSON, SMITH DB (Presession filed.)

## 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.

**Directs State Department of Agriculture to implement Oregon Industrial Hemp Agricultural Pilot Research Program. Makes provisions of law related to growing and handling industrial hemp part of program.**

Specifies that, for purposes of statutes regulating seeds, agricultural hemp seed is **agricultural seed** or flower seed. Directs Director of *[College of]* Agriculture and Dean of College of Agricultural Sciences of Oregon State University to establish program for labeling and certification of agricultural hemp seed.

**Provides that accredited independent testing laboratory that has been approved by Oregon Health Authority, Department of Environmental Quality or State Department of Agriculture may test industrial hemp and industrial hemp commodities and products that are ingested, inhaled or topically applied to skin or hair.**

**Directs State Department of Agriculture to develop standard identification documentation for industrial hemp and industrial hemp commodities or products.**

**Modifies other provisions related to regulation of industrial hemp.**

**Specifies that person may have four or fewer cannabis plants at household, as opposed to four or fewer marijuana plants at household.**

**Becomes operative January 1, 2018.**

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to industrial hemp; creating new provisions; amending ORS 475B.245, 571.300 and 571.305  
3 and sections 9, 9a and 12, chapter 71, Oregon Laws 2016; repealing section 7, chapter 71, Oregon  
4 Laws 2016; and prescribing an effective date.

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

### OREGON INDUSTRIAL HEMP AGRICULTURAL PILOT RESEARCH PROGRAM

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10 **SECTION 1. Sections 2 and 3 of this 2017 Act are added to and made a part of ORS 571.300**  
11 **to 571.315.**

12 **SECTION 2. ORS 571.300 to 571.315 shall be known and may be cited as the "Oregon In-**  
13 **dustrial Hemp Agricultural Pilot Research Program Act."**

14 **SECTION 3. The Oregon Industrial Hemp Agricultural Pilot Research Program is created**  
15 **for the purpose of studying the growth, cultivation and marketing of industrial hemp in this**  
16 **state. The State Department of Agriculture shall implement the program. To implement the**  
17 **program, the department:**

18 (1) **Shall administer ORS 571.300 to 571.315;**

19 (2) **Shall adopt by rule any record keeping and reporting requirements necessary to ad-**

**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 minister the program; and

2 (3) May exercise any other power or perform any other function necessary to administer  
3 the program.

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5 **AGRICULTURAL HEMP SEED CERTIFICATE PROGRAM**

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7 **SECTION 4.** Section 5 of this 2017 Act is added to and made a part of ORS 571.300 to  
8 571.315.

9 **SECTION 5.** (1) For purposes of ORS 633.511 to 633.750, agricultural hemp seed is an ag-  
10 ricultural seed or a flower seed, as those terms are defined in ORS 633.511.

11 (2) The Director of Agriculture, or the director's agent, and the Dean of the College of  
12 Agricultural Sciences of Oregon State University, or the dean's agent, shall establish a pro-  
13 gram for the labeling and certification of agricultural hemp seed. For purposes of the pro-  
14 gram:

15 (a) The director and the dean shall perform their respective duties under ORS 633.511 to  
16 633.750 with respect to agricultural hemp seed in the same manner that the director and  
17 dean perform their respective duties under ORS 633.511 to 633.750 with respect to agricul-  
18 tural seed or flower seed, including those duties related to labeling, testing and certifying  
19 seeds; and

20 (b) The director and the dean shall exercise their respective functions and powers under  
21 ORS 633.511 to 633.750 with respect to agricultural hemp seed in the same manner that the  
22 director and dean exercise their respective functions and powers under ORS 633.511 to 633.750  
23 with respect to agricultural seed or flower seed, including inspecting and sampling seeds and  
24 establishing rules and regulations pursuant to ORS 633.680.

25 (3) Notwithstanding subsections (1) and (2) of this section, if the director determines that  
26 a specific provision of ORS 633.511 to 633.750, or a specific rule or regulation adopted under  
27 ORS 633.511 to 633.750, that applies to agricultural seed or flower seed is inadequate or not  
28 suitable for the regulation of agricultural hemp seed, the director may by rule exempt agri-  
29 cultural hemp seed from the provision, rule or regulation and adopt more adequate or suit-  
30 able standards.

31 (4)(a) The director and the dean shall collaborate with growers registered under ORS  
32 571.305 in performing their respective duties and exercising their respective functions and  
33 powers under ORS 633.511 to 633.750 with respect to agricultural hemp seed.

34 (b) The director and the dean may collaborate with growers registered under ORS 571.305  
35 and other stakeholders to develop a heritage agricultural hemp seed for this state.

36 (5)(a) The director and the dean may collaborate with entities authorized under the laws  
37 of other states to certify seeds in performing their respective duties and exercising their  
38 respective functions and powers under ORS 633.511 to 633.750 with respect to agricultural  
39 hemp seed.

40 (b) Oregon State University may import Cannabis seed into this state for purposes re-  
41 lated to establishing the program required by this section. Notwithstanding any other law to  
42 the contrary, the university is exempt from any law imposing criminal liability for importing  
43 Cannabis seed provided that the university imports Cannabis seed for purposes described in  
44 this subsection.

45 (6) A grower registered under ORS 571.305 is not required to use, for purposes related

1 to growing industrial hemp, an agricultural hemp seed variety certified pursuant to the  
2 program required by this section.

3 (7) The State Department of Agriculture may establish by rule waivers to, or exemptions  
4 from, tests that would otherwise be conducted to determine a crop's average  
5 tetrahydrocannabinol concentration, for crops planted with agricultural hemp seed varieties  
6 certified pursuant to the program required by this section.

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8 **TESTING**

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10 **SECTION 6.** Section 9, chapter 71, Oregon Laws 2016, is amended to read:

11 **Sec. 9.** (1) For purposes of this section, "consumption" means to ingest, inhale or topically apply  
12 to the skin or hair.

13 [(2)] (2)(a) A laboratory licensed by the Oregon Liquor Control Commission under ORS 475B.560  
14 and accredited by the Oregon Health Authority pursuant to ORS 475B.565 may test industrial hemp  
15 and industrial hemp commodities and products produced or processed by a grower, handler or agri-  
16 cultural hemp seed producer registered under ORS 571.305.

17 (b) **An accredited independent testing laboratory that has been approved by the Oregon**  
18 **Health Authority, the Department of Environmental Quality or the State Department of**  
19 **Agriculture may test industrial hemp and industrial hemp commodities and products**  
20 **produced or processed by a grower, handler or agricultural hemp seed producer registered**  
21 **under ORS 571.305.**

22 (3) A handler registered under ORS 571.305 may not sell an industrial hemp commodity or  
23 product that is intended for human consumption unless the commodity or product is tested by a  
24 laboratory described in subsection (2) of this section to ensure that the commodity or product meets  
25 the requirements adopted by the Oregon Health Authority under ORS 475B.555 (1)(a) and (b) and (2)  
26 for testing marijuana items.

27 (4) For purposes of this section, the State Department of Agriculture shall adopt rules:

28 (a) Establishing protocols for the testing of industrial hemp commodities and products; and

29 (b) Establishing procedures for determining batch sizes and for sampling industrial hemp com-  
30 modities and products.

31 (5) **This section does not apply to:**

32 (a) **Agricultural hemp seed;**

33 (b) **Seeds of the plant genus Cannabis within the plant family Cannabaceae that are in-**  
34 **capable of germination;**

35 (c) **Oil or cake made from seeds described in paragraph (b) of this subsection; or**

36 (d) **Other parts of industrial hemp as identified by the department by rule.**

37 **SECTION 7.** Section 9a, chapter 71, Oregon Laws 2016, is amended to read:

38 **Sec. 9a.** (1) The State Department of Agriculture may enter into an agreement with the Oregon  
39 Health Authority for the purpose of developing standards for investigating and testing an industrial  
40 hemp crop [to ensure that the crop contains an] **to determine the** average tetrahydrocannabinol  
41 concentration [that does not exceed 0.3 percent on a dry weight basis] **of the crop.**

42 (2) In accordance with standards developed under subsection (1) of this section, a laboratory  
43 [licensed by the Oregon Liquor Control Commission under ORS 475B.560 and accredited by the au-  
44 thority pursuant to ORS 475B.565] **described in section 9, chapter 71, Oregon Laws 2016,** may test  
45 an industrial hemp crop for the purpose of determining the average tetrahydrocannabinol concen-

1 tration of the crop. **The laboratory must provide the test results to the department in a form**  
2 **and manner prescribed by the department.**

3 *[(3) A laboratory described in subsection (2) of this section must provide the test results to the de-*  
4 *partment in a form and manner prescribed by the department.]*

5 **SECTION 8.** Sections 9 and 10 of this 2017 Act are added to and made a part of ORS  
6 571.300 to 571.315.

7 **SECTION 9.** For purposes related to violation of section 9 or 9a, chapter 71, Oregon Laws  
8 2016, where the grower or handler registered under ORS 571.305 does not know of the vio-  
9 lation, the State Department of Agriculture may establish by rule or order processes pro-  
10 viding for the remediation of the violation.

11 **SECTION 10.** The State Department of Agriculture may charge growers and handlers  
12 registered under ORS 571.305 fees reasonably calculated by the department to pay the cost  
13 of sampling or testing industrial hemp or industrial hemp commodities or products under  
14 sections 9 and 9a, chapter 71, Oregon Laws 2016. Moneys from fees charged under this sec-  
15 tion shall be deposited in the Industrial Hemp Fund established under section 18 of this 2017  
16 Act.

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18 **IDENTIFICATION DOCUMENTATION**

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20 **SECTION 11.** Section 12 of this 2017 Act is added to and made a part of ORS 571.300 to  
21 571.315.

22 **SECTION 12.** (1) The State Department of Agriculture shall develop standard identifica-  
23 tion documentation for industrial hemp and industrial hemp commodities or products. The  
24 department shall, upon request, issue identification documentation developed under this  
25 section to growers and handlers registered under ORS 571.305.

26 (2) The department may charge growers and handlers registered under ORS 571.305 fees  
27 reasonably calculated by the department to pay the cost of developing and issuing identifi-  
28 cation documentation developed under this section. Moneys from fees charged under this  
29 section shall be deposited in the Industrial Hemp Fund established under section 18 of this  
30 2017 Act.

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32 **PERSONAL POSSESSION**

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34 **SECTION 13.** Section 14 of this 2017 Act is added to and made a part of ORS 571.300 to  
35 571.315.

36 **SECTION 14.** ORS 571.300 to 571.315 do not apply to the production or storage of  
37 homegrown plants in the genus *Cannabis* within the plant family *Cannabaceae* at a household  
38 by one or more persons 21 years of age or older, if the total amount of homegrown plants  
39 at the household does not exceed four plants at any time.

40 **SECTION 14a.** ORS 475B.245, as amended by section 27, chapter 23, Oregon Laws 2016, section  
41 36, chapter 24, Oregon Laws 2016, and section 13, chapter 83, Oregon Laws 2016, is amended to  
42 read:

43 475B.245. ORS 475B.025, 475B.030, 475B.033, 475B.035, 475B.040, 475B.045, 475B.050, 475B.055,  
44 475B.060, 475B.063, 475B.065, 475B.068, 475B.070, 475B.075, 475B.090, 475B.100, 475B.110, 475B.115,  
45 475B.125, 475B.130, 475B.135, 475B.140, 475B.145, 475B.150, 475B.160, 475B.165, 475B.170, 475B.180,

1 475B.190, 475B.195, 475B.200, 475B.205, 475B.210, 475B.215, 475B.218, 475B.230, 475B.233, 475B.235,  
2 475B.240, 475B.325, 475B.330, 475B.335, 475B.340, 475B.345, 475B.350, 475B.353, 475B.355, 475B.358,  
3 475B.360, 475B.365, 475B.370 and 475B.373 and sections 2, 3, 4 and 5, chapter 83, Oregon Laws 2016,  
4 do not apply:

5 (1) To the production or storage of homegrown [*marijuana*] **plants in the genus Cannabis**  
6 **within the plant family Cannabaceae** at a household by one or more persons 21 years of age and  
7 older, if the total amount of homegrown [*marijuana*] **plants** at the household does not exceed four  
8 [*marijuana*] plants at any time.

9 (2) To the possession or storage of usable marijuana items at a household by one or more per-  
10 sons 21 years of age or older, if the total amount of usable marijuana at the household does not  
11 exceed eight ounces of usable marijuana at any time.

12 (3) To the making, processing, possession or storage of cannabinoid products at a household by  
13 one or more persons 21 years of age and older, if the total amount of cannabinoid products at the  
14 household does not exceed 16 ounces in solid form at any time.

15 (4) To the making, processing, possession or storage of cannabinoid products at a household by  
16 one or more persons 21 years of age and older, if the total amount of cannabinoid products at the  
17 household does not exceed 72 ounces in liquid form at any time.

18 (5) To the making, processing, possession or storage of cannabinoid concentrates at a household  
19 by one or more persons 21 years of age or older, if the total amount of cannabinoid concentrates  
20 at the household does not exceed 16 ounces at any time.

21 (6) To the possession of cannabinoid extracts at a household by one or more persons 21 years  
22 of age or older, if the cannabinoid extracts were purchased from a marijuana retailer that holds a  
23 license under ORS 475B.110, or transferred by a medical marijuana dispensary registered by the  
24 Oregon Health Authority under ORS 475B.450, and the total amount of cannabinoid extracts at the  
25 household does not exceed one ounce at any time.

26 (7) To the delivery of not more than one ounce of usable marijuana at a time by a person 21  
27 years of age or older to another person 21 years of age or older for noncommercial purposes.

28 (8) To the delivery of not more than 16 ounces of cannabinoid products in solid form at a time  
29 by a person 21 years of age or older to another person 21 years of age or older for noncommercial  
30 purposes.

31 (9) To the delivery of not more than 72 ounces of cannabinoid products in liquid form at a time  
32 by a person 21 years of age or older to another person 21 years of age or older for noncommercial  
33 purposes.

34 (10) To the delivery of not more than 16 ounces of cannabinoid concentrates at a time by a  
35 person 21 years of age or older to another person 21 years of age or older for noncommercial pur-  
36 poses.

37  
38 **TETRAHYDROCANNABINOL CONCENTRATION**  
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40 **SECTION 15.** ORS 571.300, as amended by section 1, chapter 71, Oregon Laws 2016, is amended  
41 to read:

42 571.300. As used in ORS 571.300 to 571.315:

43 (1) "Agricultural hemp seed" means Cannabis seed:

44 (a) That is sold to or intended to be sold to registered growers for planting; or

45 (b) That remains in an unprocessed or partially processed condition that is capable of

1 germination.

2 (2) "Crop" means industrial hemp grown under a single registration.

3 (3) "Grower" means a person, joint venture or cooperative that produces industrial hemp.

4 (4) "Handler" means a person, joint venture or cooperative that receives industrial hemp for  
5 processing into commodities, products or agricultural hemp seed.

6 (5) "Industrial hemp":

7 (a) Means all nonseed parts and varieties of the Cannabis plant, whether growing or not, that  
8 contain an average tetrahydrocannabinol concentration that does not exceed 0.3 percent on a dry  
9 weight basis **or a tetrahydrocannabinol concentration that does not exceed the concentration**  
10 **allowed under federal law, whichever is greater.**

11 (b) Means any Cannabis seed:

12 (A) That is part of a crop;

13 (B) That is retained by a grower for future planting;

14 (C) That is agricultural hemp seed;

15 (D) That is for processing into or for use as agricultural hemp seed; or

16 (E) That has been processed in a manner or to an extent that the Cannabis seed is incapable  
17 of germination.

18 (c) Does not mean industrial hemp commodities or products.

19 **SECTION 16.** ORS 571.305, as amended by section 2, chapter 71, Oregon Laws 2016, is amended  
20 to read:

21 571.305. (1) To grow or handle industrial hemp, a person must be registered with the State De-  
22 partment of Agriculture as a grower or handler.

23 (2)(a) Only a grower or handler registered under this section may produce agricultural hemp  
24 seed. For a grower or handler to produce agricultural hemp seed, the grower or handler must be  
25 registered with the department as an agricultural hemp seed producer.

26 (b) Notwithstanding paragraph (a) of this subsection:

27 (A) A grower registered under this section that retains agricultural hemp seed [*as described in*  
28 *section 7, chapter 71, Oregon Laws 2016,*] **for the purpose of personally propagating industrial**  
29 **hemp in a subsequent year** is not required to register with the department as an agricultural hemp  
30 seed producer; and

31 (B) A grower or handler registered under this section that produces Cannabis seeds that are  
32 incapable of germination, or a handler registered under this section that processes Cannabis seeds  
33 that are incapable of germination into commodities or products, is not required to register with the  
34 department as an agricultural hemp seed producer.

35 (3) An applicant for registration under this section must submit to the department, in a form and  
36 manner prescribed by the department, the following information:

37 (a) The name and address of the applicant;

38 (b) The name and address of the industrial hemp operation of the applicant; and

39 (c) Any other information required by the department by rule.

40 (4) Registration under this section is valid for a one-year term, beginning on January 1. A  
41 grower, handler or agricultural hemp seed producer may renew a registration under this section in  
42 a form and manner prescribed by the department.

43 (5) A registration under this section is a personal privilege and is not transferable.

44 (6) A grower or handler registered under this section must keep records as required by the de-  
45 partment by rule. Upon not less than three days' notice, the department may subject the records to

1 inspection or audit during normal business hours. The department may make an inspection or audit  
2 for the purpose of ensuring compliance with:

3 (a) A provision of ORS 571.300 to 571.315;

4 (b) A rule adopted under a provision of ORS 571.300 to 571.315; or

5 (c) An order issued by the department pursuant to a provision of ORS 571.300 to 571.315 or a  
6 rule adopted under a provision of ORS 571.300 to 571.315.

7 (7) In addition to any inspection conducted pursuant to ORS 561.275, the department may inspect  
8 any crop during the crop's growth phase and take a representative composite sample for field anal-  
9 ysis. If a crop contains an average tetrahydrocannabinol concentration exceeding 0.3 percent on a  
10 dry weight basis **or a tetrahydrocannabinol concentration in excess of the concentration al-**  
11 **lowed under federal law, whichever is greater**, the department may detain, seize or embargo the  
12 crop as provided under ORS 561.605 to 561.620, **subject to any process established under section**  
13 **9 of this 2017 Act.**

14 (8) The department may charge growers, handlers and agricultural hemp seed producers appli-  
15 cation, registration and renewal of registration fees reasonably calculated by the department to pay  
16 the cost of administering ORS 571.300 to 571.315. Moneys from fees charged under this subsection  
17 shall be deposited in the [*Department of Agriculture Service Fund and are continuously appropriated*  
18 *to the department for purposes of carrying out the duties of the department under ORS 571.300 to*  
19 *571.315.*] **Industrial Hemp Fund established under section 18 of this 2017 Act.**

20 (9) **The department may adopt rules establishing for growers and handlers registered**  
21 **under this section public health and safety standards and industry best practices.**

## 22 INDUSTRIAL HEMP FUND

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24  
25 **SECTION 17. Section 18 of this 2017 Act is added to and made a part of ORS 571.300 to**  
26 **571.315.**

27 **SECTION 18. There is established in the State Treasury, separate and distinct from the**  
28 **General Fund, the Industrial Hemp Fund. The Industrial Hemp Fund shall consist of all**  
29 **moneys credited to or deposited in the fund. Moneys in the fund are continuously appropri-**  
30 **ated to the State Department of Agriculture for the purposes of implementing, administering**  
31 **and enforcing ORS 571.300 to 571.315.**

32 **SECTION 19. Section 12, chapter 71, Oregon Laws 2016, is amended to read:**

33 **Sec. 12.** (1) Subject to the provisions of ORS chapter 183, the State Department of Agriculture  
34 may impose a civil penalty not to exceed \$2,500 on a grower, handler or agricultural hemp seed  
35 producer for violating:

36 (a) A provision of ORS 571.300 to 571.315;

37 (b) A rule adopted under a provision of ORS 571.300 to 571.315; or

38 (c) An order issued by the department pursuant to a provision of ORS 571.300 to 571.315 or a  
39 rule adopted under a provision of ORS 571.300 to 571.315.

40 (2) The department may not discipline a grower, handler or agricultural hemp seed producer  
41 under this section on the basis that possessing, delivering and manufacturing industrial hemp are  
42 prohibited by federal law.

43 (3) All moneys collected by the department under this section shall be deposited in the [*General*  
44 *Fund in the State Treasury to the credit of the Department of Agriculture Account. All moneys de-*  
45 *posited in the account pursuant to this section are continuously appropriated to the department for the*

1 *purpose of administering ORS 571.300 to 571.315.] Industrial Hemp Fund established under sec-*  
2 **tion 18 of this 2017 Act.**

3  
4 **REPEAL**

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6 **SECTION 20. Section 7, chapter 71, Oregon Laws 2016, is repealed.**

7  
8 **MISCELLANEOUS**

9  
10 **SECTION 21. (1) Sections 2, 3, 5, 9, 10, 12, 14 and 18 of this 2017 Act, the amendments to**  
11 **ORS 475B.245, 571.300 and 571.305 and sections 9, 9a and 12, chapter 71, Oregon Laws 2016,**  
12 **by sections 6, 7, 14a, 15, 16 and 19 of this 2017 Act and the repeal of section 7, chapter 71,**  
13 **Oregon Laws 2016, by section 20 of this 2017 Act become operative on January 1, 2018.**

14 **(2) The State Department of Agriculture, the Director of Agriculture, Oregon State**  
15 **University and the Dean of the College of Agricultural Sciences of Oregon State University**  
16 **may take any action before the operative date specified in subsection (1) of this section that**  
17 **is necessary to enable the department, director, university or dean to exercise, on and after**  
18 **the operative date specified in subsection (1) of this section, all the duties, powers and**  
19 **functions conferred on the department, director, university and dean by sections 2, 3, 5, 9,**  
20 **10, 12, 14 and 18 of this 2017 Act, the amendments to ORS 475B.245, 571.300 and 571.305 and**  
21 **sections 9, 9a and 12, chapter 71, Oregon Laws 2016, by sections 6, 7, 14a, 15, 16 and 19 of this**  
22 **2017 Act and the repeal of section 7, chapter 71, Oregon Laws 2016, by section 20 of this 2017**  
23 **Act.**

24 **SECTION 22. The unit captions used in this 2017 Act are provided only for the conven-**  
25 **ience of the reader and do not become part of the statutory law of this state or express any**  
26 **legislative intent in the enactment of this 2017 Act.**

27 **SECTION 23. 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.**