

A-Engrossed Senate Bill 1544

Ordered by the Senate February 27
Including Senate Amendments dated February 27

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Senate Interim Committee on Judiciary)

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.

[Removes height limitation on immature marijuana plants produced for medical purposes. Changes possession limit on immature marijuana plants for persons designated to produce marijuana for registry identification cardholders and persons responsible for medical marijuana grow sites. Exempts certain processing of marijuana for medical purposes from testing requirements.] **Allows local government to disclose payment distribution amounts made pursuant to agreement to collect taxes imposed on sale of marijuana items. Enables person responsible for marijuana grow site, registry identification cardholder or designated primary caregiver to obtain immature marijuana plants from recreational marijuana producers. Exempts certain processing of marijuana for medical purposes from testing requirements. Clarifies information that application for marijuana grow site registration must include. Limits number of immature marijuana plants that are less than 24 inches in height allowed at marijuana grow sites to number established by Oregon Health Authority by rule. Exempts certain medical marijuana grow sites from tracking requirements. Changes reporting date for Oregon Cannabis Commission. Allows certain marijuana establishments to be located within 1,000 feet of school.**

Requires industrial hemp item sold by marijuana retailer to carry label identifying whether product is derived from hemp or marijuana. Prohibits anyone other than marijuana retailer from selling marijuana item to consumer.

Establishes Illegal Marijuana Market Enforcement Grant Program to assist local governments with costs incurred by local law enforcement agencies in addressing unlawful marijuana cultivation or distribution operations. Sunsets program on January 2, 2024.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to marijuana; creating new provisions; amending ORS 305.260, 475B.109, 475B.136, 475B.139,
3 475B.227, 475B.630, 475B.813, 475B.831, 475B.864 and 475B.895 and sections 4 and 5, chapter 613,
4 Oregon Laws 2017; and prescribing an effective date.

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

MARIJUANA TAXATION

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9 **SECTION 1.** ORS 305.620 is amended to read:

10 305.620. (1)(a) Any state agency or department may enter into agreements with any political
11 subdivision of this state for the collection, enforcement, administration and distribution of local
12 taxes of the political subdivision imposed upon or measured by gross or net income, wages or net
13 earnings from self-employment, local general sales and use taxes, local transient lodging taxes or
14 taxes imposed under ORS 475B.491.

15 **(b) Notwithstanding ORS 314.835, a local government may disclose payment distribution**
16 **amounts made pursuant to an agreement under this subsection to collect taxes imposed**

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 **under ORS 475B.491.**

2 (2) The department or agency shall prescribe the rules by which the agreements entered into
3 under subsection (1) of this section are administered.

4 (3) The department or agency shall prescribe the rules by which the taxes described by sub-
5 section (1) of this section are administered, collected, enforced and distributed.

6 (4) A political subdivision may appear as an intervenor at any conference held by the Depart-
7 ment of Revenue or conference, hearing or proceeding held by another department or agency in
8 connection with a local tax administered by the department or agency. The political subdivision may
9 be represented by its own counsel. The department or agency shall adopt rules governing the pro-
10 cedures to be followed by the political subdivision in making an appearance.

11 (5) Costs incurred by the department or agency in the administration, enforcement, collection
12 and distribution of taxes under the agreements entered into under subsection (1) of this section shall
13 be first deducted from the taxes collected before distribution is made to the political subdivision
14 which is a party to the agreement.

15 (6) The Oregon Tax Court shall have exclusive jurisdiction to review determinations of the De-
16 partment of Revenue or orders of another department or agency relating to the collection, enforce-
17 ment, administration and distribution of local taxes under agreements entered into under subsection
18 (1) of this section.

19 (7) A proceeding for refund or to set aside additional taxes or taxes assessed when no return
20 was filed may be initiated before the state agency or department.

21 (8) An appeal from a determination or an order may be taken by the taxpayer or by the political
22 subdivision whose taxes are in issue, by filing a complaint with the clerk of the Oregon Tax Court
23 at its principal office in Salem, Oregon, within 60 days after the notice of the determination of the
24 Department of Revenue or the order of the department or agency is sent to the taxpayer or the
25 political subdivision. The filing of the complaint in the Oregon Tax Court shall constitute perfection
26 of the appeal. Service of the taxpayer's complaint shall be accomplished by the clerk of the tax
27 court by filing a copy of the complaint with the administrative head of the department or agency
28 and a copy with the political subdivision. Service of the political subdivision's complaint shall be
29 accomplished by the clerk of the tax court by filing a copy of the complaint with the administrative
30 head of the department or agency and mailing a copy of the complaint to the taxpayer. The com-
31 plaint of a taxpayer shall be entitled in the name of the person filing as plaintiff and the department
32 or agency as defendant. The complaint of a political subdivision shall be entitled in the name of the
33 political subdivision as plaintiff and the taxpayer and the department or agency as defendants. A
34 copy of the order of the department or agency shall be attached to the complaint. All procedures
35 shall be in accordance with ORS 305.405 to 305.494.

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37 **MARIJUANA GROW SITES AND PLANTS**

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39 **SECTION 2.** ORS 475B.136 is amended to read:

40 475B.136. (1) To produce marijuana for medical purposes, a marijuana producer that holds a li-
41 cense issued under ORS 475B.070 must register with the Oregon Liquor Control Commission under
42 this section.

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

45 (a) Holds a license issued under ORS 475B.070;

- 1 (b) Meets any qualifications adopted by the commission by rule;
- 2 (c) Applies to the commission in a form and manner prescribed by the commission; and
- 3 (d) Pays any fee adopted by the commission by rule.

4 (3) Subject to subsection (4) of this section, a marijuana producer registered under this section
5 may produce marijuana plants on a medically designated grow canopy in addition to producing
6 marijuana plants on the grow canopy allowed under rules adopted under ORS 475B.085. The com-
7 mission shall specify the size of medically designated grow canopies by rule, provided that the size
8 of any medically designated grow canopy does not exceed 10 percent of the total size of both the
9 medically designated grow canopy and the grow canopy allowed under rules adopted under ORS
10 475B.085 at the time that the marijuana producer applies for registration under this section.

11 (4) A marijuana producer registered under this section must provide, for no consideration, at
12 least 75 percent of the annual yield of usable marijuana harvested from the marijuana producer's
13 medically designated grow canopy to registry identification cardholders and designated primary
14 caregivers.

15 (5) A marijuana producer registered under this section may not, during a single transaction,
16 provide a registry identification cardholder or the designated primary caregiver of a registry iden-
17 tification cardholder an amount of usable marijuana that exceeds the amount of usable marijuana
18 that a registry identification cardholder and a designated primary caregiver may jointly possess
19 under ORS 475B.834.

20 **(6) A marijuana producer registered under this section may provide immature marijuana**
21 **plants to a person responsible for a marijuana grow site registered under ORS 475B.810, a**
22 **registry identification cardholder or a designated primary caregiver of a registry identifica-**
23 **tion cardholder.**

24 ~~[(6)(a)]~~ (7)(a) The commission shall adopt rules necessary to administer this section.

25 (b) The rules must establish sanctions for failure to meet the requirements of this section or a
26 rule adopted under this section, including revocation of permission for the marijuana producer's
27 medically designated grow canopy.

28 (c) The rules must provide that any fee adopted by the commission under subsection (2)(d) of this
29 section be in an amount reasonably calculated to not exceed, together with other fees collected
30 under ORS 475B.010 to 475B.545, the cost of administering ORS 475B.010 to 475B.545.

31 **SECTION 3.** ORS 475B.139 is amended to read:

32 475B.139. (1) To process marijuana for medical purposes, a marijuana processor that holds a li-
33 cense issued under ORS 475B.090 must register with the Oregon Liquor Control Commission under
34 this section.

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

- 37 (a) Holds a license issued under ORS 475B.090;
- 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 processor registered under this section may:

42 (a) Process marijuana and usable marijuana into medical grade cannabinoid products,
43 cannabinoid concentrates and cannabinoid extracts; and

44 (b) Notwithstanding ORS 475B.206, receive marijuana and usable marijuana from, and for a fee
45 process that marijuana and usable marijuana into cannabinoid products, cannabinoid concentrates

1 and cannabinoid extracts for, a registry identification cardholder or the designated primary
2 caregiver of a registry identification cardholder, provided that the cannabinoid products,
3 cannabinoid concentrates and cannabinoid extracts meet the requirements of ORS 475B.550 to
4 475B.590 and **the concentration standards adopted under ORS 475B.625.**

5 (4)(a) The commission shall adopt rules necessary to administer this section.

6 (b) The rules must provide that any fee adopted by the commission under subsection (2)(d) of this
7 section be in an amount reasonably calculated to not exceed, together with other fees collected
8 under ORS 475B.010 to 475B.545, the cost of administering ORS 475B.010 to 475B.545.

9 **SECTION 4.** ORS 475B.630 is amended to read:

10 475B.630. (1) ORS 475B.600 to 475B.655 do not apply to:

11 [(1)] (a) A person responsible for a marijuana grow site under ORS 475B.810 if the person is
12 transferring usable marijuana or an immature marijuana plant, as defined in ORS 475B.015, to:

13 [(a)] (A) A person who holds a registry identification card under ORS 475B.797 and who desig-
14 nated the person responsible for the marijuana grow site to grow marijuana for the person who
15 holds a registry identification card; or

16 [(b)] (B) A person who has been designated as the primary caregiver under ORS 475B.804 of a
17 person who holds a registry identification card under ORS 475B.797, and who designated the person
18 responsible for the marijuana grow site to grow marijuana for the person who holds a registry
19 identification card; or

20 [(2)] (b) A person who has been designated as the primary caregiver under ORS 475B.804 of a
21 person who holds a registry identification card under ORS 475B.797 if the person is transferring a
22 marijuana item to the person who holds a registry identification card.

23 **(2) The labeling and packaging requirements and standards of ORS 475B.600 to 475B.655**
24 **do not apply to a marijuana processor registered under ORS 475B.139 when the marijuana**
25 **processor receives marijuana and usable marijuana from, and for a fee processes that**
26 **marijuana and usable marijuana into cannabinoid products, cannabinoid concentrates and**
27 **cannabinoid extracts for, a registry identification cardholder or the designated primary**
28 **caregiver of a registry identification cardholder.**

29 **SECTION 5.** ORS 475B.813 is amended to read:

30 475B.813. (1) For purposes of ORS 475B.785 to 475B.949, [*the following forms of evidence shall*
31 *be sufficient to establish the address where a marijuana grow site is located:*]

32 [(a) A tax lot number;]

33 [(b) An assessor's map number with a map attached, showing the exact location of the marijuana
34 grow site; or]

35 [(c) *The exact location of the marijuana grow site using one or more of the following:*] **if a**
36 **marijuana grow site has a physical United States Postal Service address, an application filed**
37 **for a marijuana grow site registration card under ORS 475B.810 must include the physical**
38 **address. If the grow site does not have a physical United States Postal Service address, the**
39 **application must include:**

40 (a) **An assessor's map number with a map showing the exact location of the grow site;**

41 (b) **The name of the city or, if outside of a city, the name of the county in which the grow**
42 **site is located;**

43 (c) **The zip code for the location; and**

44 (d) **One or more of the following for the location:**

45 (A) Longitude and latitude coordinates;

- 1 (B) Township coordinates; *[or]*
- 2 (C) Global positioning system coordinates[.]; **or**
- 3 **(D) The tax lot number.**

4 (2) For purposes of ORS 475B.810, the Oregon Health Authority shall accept the forms of evi-
5 dence described in subsection (1) of this section for the purpose of establishing the address where
6 a marijuana grow site is located.

7 **SECTION 6.** ORS 475B.831 is amended to read:

8 475B.831. (1)(a) A registry identification cardholder and the designated primary caregiver of the
9 registry identification cardholder may jointly possess:

- 10 (A) Six or fewer mature marijuana plants; and
- 11 (B) Twelve or fewer immature marijuana plants.

12 (b)(A) Unless an address is the marijuana grow site of a person designated to produce marijuana
13 by a registry identification cardholder, the address where a registry identification cardholder or the
14 primary caregiver of a registry identification cardholder produces marijuana may be used to produce
15 not more than:

- 16 (i) Six or fewer mature marijuana plants per registry identification cardholder, up to 12 mature
17 marijuana plants; and
- 18 (ii) Twelve or fewer immature marijuana plants per registry identification cardholder, up to 24
19 immature marijuana plants.

20 (B) Except as provided in subparagraph (C) of this paragraph, an address that is subject to this
21 paragraph may not be used to produce marijuana plants pursuant to ORS 475B.301.

22 (C) Subject to subparagraph (D) of this paragraph, an address that is subject to this paragraph
23 may be used to produce marijuana plants pursuant to ORS 475B.301 if a person other than a registry
24 identification cardholder who is using the address to produce marijuana plants pursuant to ORS
25 475B.785 to 475B.949 resides at the address.

26 (D) An address that is subject to this paragraph may not be used to produce more than 12 total
27 mature marijuana plants.

28 (2)(a) A person may be designated to produce marijuana under ORS 475B.810 by no more than
29 *[four]* **eight** registry identification cardholders.

30 *[(b) A person who is designated to produce marijuana by a registry identification cardholder may
31 produce no more than six mature marijuana plants and no more than 12 immature marijuana plants
32 that are 24 inches or more in height for a registry identification cardholder who designates the person
33 to produce marijuana.]*

34 **(b) A person responsible for a marijuana grow site may produce for a registry identifi-
35 cation cardholder who designates the person to produce marijuana no more than:**

- 36 **(A) Six mature marijuana plants;**
- 37 **(B) 12 immature marijuana plants that are 24 inches or more in height; and**
- 38 **(C) The amount, established by the Oregon Health Authority by rule, of immature
39 marijuana plants that are less than 24 inches in height.**

40 (3) If the address of a person responsible for a marijuana grow site **registered** under ORS
41 475B.810 is located within city limits in an area zoned for residential use:

42 (a) Except as provided in paragraph (b) of this subsection, no more than **the following amounts
43 of marijuana plants may be produced at the address:**

- 44 **(A) 12 mature marijuana plants** *[and no more than];*
- 45 **(B) 24 immature marijuana plants that are 24 inches or more in height** *[may be produced at the*

1 *address; or*; **and**

2 **(C) The amount, established by the authority by rule, of immature marijuana plants that**
3 **are less than 24 inches in height; or**

4 (b) Subject to subsection (5) of this section, if each person responsible for a marijuana grow site
5 located at the address first registered with the *[Oregon Health]* authority under ORS 475B.810 before
6 January 1, 2015[:],

7 *[(A)]* no more than the **following amounts of marijuana plants may be produced at the ad-**
8 **dress:**

9 **(A) The** amount of mature marijuana plants located at that address on December 31, 2014, in
10 excess of 12 mature marijuana plants, not to exceed 24 mature marijuana plants[, *may be produced*
11 *at the address; and*];

12 **(B) [No more than]** 48 immature marijuana plants that are 24 inches or more in height [*may be*
13 *produced at the address.*]; **and**

14 **(C) The amount, established by the authority by rule, of immature marijuana plants that**
15 **are less than 24 inches in height.**

16 (4) If the address of a person responsible for a marijuana grow site **registered** under ORS
17 475B.810 is located 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 **the following amounts**
19 **of marijuana plants may be produced at the address:**

20 **(A)** 48 mature marijuana plants [*and no more than*];

21 **(B)** 96 immature marijuana plants that are 24 inches or more in height [*may be produced at the*
22 *address; or*]; **and**

23 **(C) The amount, established by the authority by rule, of immature marijuana plants that**
24 **are less than 24 inches in height; or**

25 (b) Subject to subsections (5) and (6) of this section, if each person responsible for a marijuana
26 grow site located at the address first registered with the authority under ORS 475B.810 before
27 January 1, 2015[:],

28 *[(A)]* no more than the **following amounts of marijuana plants may be produced at the ad-**
29 **dress:**

30 **(A) The** amount of mature marijuana plants located at that address on December 31, 2014, in
31 excess of 48 mature marijuana plants, not to exceed 96 mature marijuana plants[, *may be produced*
32 *at the address; and*];

33 **(B) [No more than]** 192 immature marijuana plants that are 24 inches or more in height [*may be*
34 *produced at the address.*]; **and**

35 **(C) The amount, established by the authority by rule, of immature marijuana plants that**
36 **are less than 24 inches in height.**

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

39 *[(a) No more than 12 mature marijuana plants and no more than 24 immature marijuana plants*
40 *that are 24 inches or more in height may be subsequently produced at any address described in sub-*
41 *section (3) of this section at which the person responsible for that marijuana grow site produces*
42 *marijuana.]*

43 *[(b) No more than 48 mature marijuana plants and no more than 96 immature marijuana plants*
44 *that are 24 or more inches in height may be subsequently produced at any address described in Sub-*
45 *section (4) of this section at which the person responsible for that marijuana grow site produces*

1 *marijuana.*]

2 (5)(a) If the authority suspends or revokes the registration of a person responsible for a
3 marijuana grow site that is located at an address described in subsection (3)(b) of this sec-
4 tion, no more than the following amounts of marijuana plants may subsequently be produced
5 at any address described in subsection (3) of this section at which the person responsible for
6 the marijuana grow site produces marijuana:

7 (A) 12 mature marijuana plants;

8 (B) 24 immature marijuana plants that are 24 inches or more in height; and

9 (C) The amount, established by the authority by rule, of immature marijuana plants that
10 are less than 24 inches in height.

11 (b) If the authority suspends or revokes the registration of a person responsible for a
12 marijuana grow site that is located at an address described in subsection (4)(b) of this sec-
13 tion, no more than the following amounts of marijuana plants may subsequently be produced
14 at any address described in subsection (4) of this section at which the person responsible for
15 the marijuana grow site produces marijuana:

16 (A) 48 mature marijuana plants;

17 (B) 96 immature marijuana plants that are 24 inches or more in height; and

18 (C) The amount, established by the authority by rule, of immature marijuana plants that
19 are less than 24 inches in height.

20 (6) If a registry identification cardholder who designated a person to produce marijuana for the
21 registry identification cardholder pursuant to ORS 475B.810 terminates the designation, the person
22 responsible for the marijuana grow site whose designation has been terminated may not be desig-
23 nated to produce marijuana by another registry identification cardholder, except that the person
24 may be designated by another registry identification cardholder if no more than 48 mature
25 marijuana plants and no more than 96 immature marijuana plants that are 24 or more inches in
26 height are produced at the address for the marijuana grow site at which the person produces
27 marijuana.

28 (7) Subject to the limits described in subsections (2) to (6) of this section, if multiple persons
29 responsible for a marijuana grow site under ORS 475B.810 are located at the same address, the
30 persons designated to produce marijuana by registry identification cardholders who are located at
31 that address may collectively produce marijuana plants for any number of registry identification
32 cardholders who designate the persons to produce marijuana.

33 (8) If a law enforcement officer determines that there is a number of marijuana plants at an
34 address in excess of the quantities specified in this section, or that an address is being used to
35 produce a number of marijuana plants in excess of the quantities specified in subsection (1)(b) of this
36 section, the law enforcement officer may confiscate only the excess number of marijuana plants.

37 **SECTION 7.** ORS 475B.895 is amended to read:

38 475B.895. (1) The Oregon Health Authority shall enter into an agreement with the Oregon Li-
39 quor Control Commission under which the commission shall use the system developed and main-
40 tained under ORS 475B.177 to track:

41 (a) The propagation of immature marijuana plants and the production of marijuana by marijuana
42 grow sites;

43 (b) The processing of marijuana into medical cannabinoid products, cannabinoid concentrates
44 and cannabinoid extracts that are transferred to a medical marijuana dispensary;

45 (c) The transfer of usable marijuana, immature marijuana plants, medical cannabinoid products,

1 cannabinoid concentrates and cannabinoid extracts by a marijuana grow site or a medical marijuana
2 dispensary to a registry identification cardholder or the designated primary caregiver of a registry
3 identification cardholder; and

4 (d) The transfer of usable marijuana, immature marijuana plants, medical cannabinoid products,
5 cannabinoid concentrates and cannabinoid extracts between marijuana grow sites, marijuana pro-
6 cessing sites and medical marijuana dispensaries.

7 (2) Marijuana grow sites, marijuana processing sites, medical marijuana dispensaries and any
8 other person that processes marijuana into medical cannabinoid products and cannabinoid concen-
9 trates for the purpose of transferring the medical cannabinoid products and cannabinoid concen-
10 trates to a medical marijuana dispensary are subject to tracking under this section.

11 (3) On and after the date on which a marijuana grow site becomes subject to tracking under this
12 section, the person is exempt from the requirements of ORS 475B.816 and the provisions of ORS
13 475B.810 that relate to ORS 475B.816.

14 (4) On and after the date on which a marijuana processing site becomes subject to tracking
15 under this section, the marijuana processing site is exempt from the requirements of ORS 475B.846
16 and the provisions of ORS 475B.840 that relate to ORS 475B.846.

17 (5) On and after the date on which a medical marijuana dispensary becomes subject to tracking
18 under this section, the medical marijuana dispensary is exempt from the requirements of ORS
19 475B.867 and the provisions of ORS 475B.858 that relate to ORS 475B.867.

20 (6) The commission may conduct inspections and investigations of alleged violations of ORS
21 475B.785 to 475B.949 about which the commission obtains knowledge as a result of performing the
22 commission's duties under this section. Notwithstanding ORS 475B.299, the commission may use
23 regulatory specialists, as defined in ORS 471.001, to conduct the inspections and investigations, in-
24 cluding inspections and investigations of marijuana grow sites located at a primary residence.

25 *[(7) Notwithstanding ORS 475B.759, before making any other distribution from the Oregon*
26 *Marijuana Account established under ORS 475B.759, the Department of Revenue shall first distribute*
27 *moneys quarterly from the account to the commission for deposit in the Marijuana Control and Regu-*
28 *lation Fund established under ORS 475B.296 for purposes of paying administrative, inspection and*
29 *investigatory costs incurred by the commission under this section, provided that the amount of distrib-*
30 *uted moneys does not exceed \$1.25 million per quarter. For purposes of estimating the amount of*
31 *moneys necessary to pay costs incurred under this section, the commission shall establish a formulary*
32 *based on expected costs for each marijuana grow site, marijuana processing site or medical marijuana*
33 *dispensary that is tracked under this section. The commission shall provide to the Department of Re-*
34 *venue and the Legislative Fiscal Officer before each quarter the estimated amount of moneys necessary*
35 *to pay costs expected to be incurred under this section and the formulary.]*

36 *[(8) (7) When imposing a fee on a person responsible for a marijuana grow site, marijuana*
37 *processing site or medical marijuana dispensary under ORS 475B.810, 475B.840 or 475B.858, the au-*
38 *thority shall impose [an additional] a fee that is reasonably calculated to pay costs incurred under*
39 *this section [other than costs paid pursuant to subsection (7) of this section]. As part of the agreement*
40 *entered into under subsection (1) of this section, the authority shall transfer fee moneys collected*
41 *pursuant to this subsection to the commission for deposit in the Marijuana Control and Regulation*
42 *Fund established under ORS 475B.296. Moneys collected pursuant to this subsection and deposited*
43 *in the Marijuana Control and Regulation Fund are continuously appropriated to the commission for*
44 *purposes of this section.*

45 *[(9) (8) The authority and the commission may adopt rules as necessary to administer this sec-*

1 tion.

2 [(10)] (9) This section does not apply to a marijuana grow site located at an address where:

3 (a) A registry identification cardholder produces marijuana and no more than 12 mature
4 marijuana plants and 24 immature marijuana plants are produced [at the address]; or

5 (b)(A) **No more than two persons are registered under ORS 475B.810 to produce**
6 **marijuana; and**

7 (B) **The address is used to produce marijuana for no more than two registry identification**
8 **cardholders.**

9 **SECTION 7a.** ORS 475B.895, as amended by section 7 of this 2018 Act, is amended to read:

10 475B.895. (1) The Oregon Health Authority shall enter into an agreement with the Oregon Li-
11 quor Control Commission under which the commission shall use the system developed and main-
12 tained under ORS 475B.177 to track:

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

15 (b) The processing of marijuana into medical cannabinoid products, cannabinoid concentrates
16 and cannabinoid extracts that are transferred to a medical marijuana dispensary;

17 (c) The transfer of usable marijuana, immature marijuana plants, medical cannabinoid products,
18 cannabinoid concentrates and cannabinoid extracts by a marijuana grow site or a medical marijuana
19 dispensary to a registry identification cardholder or the designated primary caregiver of a registry
20 identification cardholder; and

21 (d) The transfer of usable marijuana, immature marijuana plants, medical cannabinoid products,
22 cannabinoid concentrates and cannabinoid extracts between marijuana grow sites, marijuana pro-
23 cessing sites and medical marijuana dispensaries.

24 (2) Marijuana grow sites, marijuana processing sites, medical marijuana dispensaries and any
25 other person that processes marijuana into medical cannabinoid products and cannabinoid concen-
26 trates for the purpose of transferring the medical cannabinoid products and cannabinoid concen-
27 trates to a medical marijuana dispensary are subject to tracking under this section.

28 (3) On and after the date on which a marijuana grow site becomes subject to tracking under this
29 section, the person is exempt from the requirements of ORS 475B.816 and the provisions of ORS
30 475B.810 that relate to ORS 475B.816.

31 (4) On and after the date on which a marijuana processing site becomes subject to tracking
32 under this section, the marijuana processing site is exempt from the requirements of ORS 475B.846
33 and the provisions of ORS 475B.840 that relate to ORS 475B.846.

34 (5) On and after the date on which a medical marijuana dispensary becomes subject to tracking
35 under this section, the medical marijuana dispensary is exempt from the requirements of ORS
36 475B.867 and the provisions of ORS 475B.858 that relate to ORS 475B.867.

37 (6) The commission may conduct inspections and investigations of alleged violations of ORS
38 475B.785 to 475B.949 about which the commission obtains knowledge as a result of performing the
39 commission's duties under this section. Notwithstanding ORS 475B.299, the commission may use
40 regulatory specialists, as defined in ORS 471.001, to conduct the inspections and investigations, in-
41 cluding inspections and investigations of marijuana grow sites located at a primary residence.

42 (7) **Notwithstanding ORS 475B.759, before making any other distribution from the Oregon**
43 **Marijuana Account established under ORS 475B.759, the Department of Revenue shall first**
44 **distribute moneys quarterly from the account to the commission for deposit in the Marijuana**
45 **Control and Regulation Fund established under ORS 475B.296 for purposes of paying admin-**

1 **istrative, inspection and investigatory costs incurred by the commission under this section,**
2 **provided that the amount of distributed moneys does not exceed \$1.25 million per quarter.**
3 **For purposes of estimating the amount of moneys necessary to pay costs incurred under this**
4 **section, the commission shall establish a formulary based on expected costs for each**
5 **marijuana grow site, marijuana processing site or medical marijuana dispensary that is**
6 **tracked under this section. The commission shall provide to the Department of Revenue and**
7 **the Legislative Fiscal Officer before each quarter the estimated amount of moneys necessary**
8 **to pay costs expected to be incurred under this section and the formulary.**

9 [(7)] (8) When imposing a fee on a person responsible for a marijuana grow site, marijuana
10 processing site or medical marijuana dispensary under ORS 475B.810, 475B.840 or 475B.858, the au-
11 thority shall impose [a] **an additional** fee that is reasonably calculated to pay costs incurred under
12 this section **other than costs paid pursuant to subsection (7) of this section.** As part of the
13 agreement entered into under subsection (1) of this section, the authority shall transfer fee moneys
14 collected pursuant to this subsection to the commission for deposit in the Marijuana Control and
15 Regulation Fund established under ORS 475B.296. Moneys collected pursuant to this subsection and
16 deposited in the Marijuana Control and Regulation Fund are continuously appropriated to the com-
17 mission for purposes of this section.

18 [(8)] (9) The authority and the commission may adopt rules as necessary to administer this sec-
19 tion.

20 [(9)] (10) This section does not apply to a marijuana grow site located at an address where:

21 (a) A registry identification cardholder produces marijuana and no more than 12 mature
22 marijuana plants and 24 immature marijuana plants are produced; or

23 (b)(A) No more than two persons are registered under ORS 475B.810 to produce marijuana; and

24 (B) The address is used to produce marijuana for no more than two registry identification
25 cardholders.

26 **SECTION 8. The fact that a marijuana grow site registered under ORS 475B.810 is subject**
27 **to the provisions of ORS 475B.895 does not, by itself, mean that the marijuana grow site is**
28 **a commercial operation for purposes of state law.**

30 OREGON CANNABIS COMMISSION

31
32 **SECTION 9.** Section 4, chapter 613, Oregon Laws 2017, is amended to read:

33 **Sec. 4.** (1) As soon as practicable after [*the effective date of this 2017 Act*] **August 2, 2017**, the
34 Oregon Cannabis Commission shall determine:

35 (a) A possible framework for the future governance of the Oregon Medical Marijuana Program,
36 including:

37 (A) Proper oversight and regulation of each of the following:

38 (i) Registry identification cardholders and designated primary caregivers, as those terms are
39 defined in ORS 475B.410;

40 (ii) Attending physicians, as defined in ORS 475B.410;

41 (iii) Marijuana grow sites, as defined in ORS 475B.410;

42 (iv) Marijuana processing sites, as defined in ORS 475B.410; and

43 (v) Medical marijuana dispensaries, as defined in ORS 475B.410;

44 (B) Necessary amendments to the laws of the state pertaining to cannabis, including any nec-
45 essary amendments to ORS 475B.010 to 475B.395 and 475B.400 to 475B.525; and

1 (C) The future role of the commission with respect to the possible framework.

2 (b) Steps that the state must take, whether administrative or legislative in nature, to ensure that
3 research on cannabis and cannabis-derived products is being conducted for public purposes, includ-
4 ing the advancement of:

5 (A) Public health policy and public safety policy;

6 (B) Agronomic and horticultural best practices; and

7 (C) Medical and pharmacopoeia best practices.

8 (2) In determining the possible framework for the future governance of the Oregon Medical
9 Marijuana Program under subsection (1)(a) of this section, the commission shall consider:

10 (a) Potential factors that could prevent access to cannabis for medical use;

11 (b) Potential laws and rules that will facilitate access to cannabis for medical use; and

12 (c) The impact of federal laws, regulations and policies on the possible framework.

13 (3) On or before [*December 15, 2017*] **February 1, 2019**, the commission shall submit a report in
14 the manner prescribed by ORS 192.245 to the interim committees of the Legislative Assembly related
15 to health and judiciary on the findings and determinations made by the commission under subsection
16 (1) of this section. As part of the report, the commission may make recommendations for legislation.

17 (4) For purposes of making recommendations for legislation under subsection (3) of this section,
18 after [*the effective date of this 2017 Act*] **August 2, 2017**, and on or before [*December 15, 2017*] **Feb-**
19 **ruary 1, 2019**, the commission may request an interim committee of the Legislative Assembly related
20 to health or judiciary to direct the Legislative Counsel to prepare legislative concepts for the
21 commission's consideration.

22 **SECTION 10.** Section 5, chapter 613, Oregon Laws 2017, is amended to read:

23 **Sec. 5.** Section 4 [*of this 2017 Act*], **chapter 613, Oregon Laws 2017**, is repealed on [*July 1,*
24 **2018**] **January 2, 2020**.

25 PROXIMITY TO SCHOOLS

26
27
28 **SECTION 11.** ORS 475B.109 is amended to read:

29 475B.109. Notwithstanding ORS 475B.105 (2)(d), a marijuana retailer may be located within 1,000
30 feet of a school if:

31 (1)(a) The marijuana retailer is not located within 500 feet of:

32 [(a)] (A) A public elementary or secondary school for which attendance is compulsory under
33 ORS 339.020; or

34 [(b)] (B) A private or parochial elementary or secondary school, teaching children as described
35 in ORS 339.030 (1)(a); and

36 [(2)] (b) The Oregon Liquor Control Commission determines that there is a physical or ge-
37 ographic barrier capable of preventing children from traversing to the premises of the marijuana
38 retailer[.]; or

39 **(2) The marijuana retailer was established before August 1, 2017, in accordance with a**
40 **city or county ordinance adopted under section 29b, chapter 83, Oregon Laws 2016.**

41 **SECTION 12.** ORS 475B.864 is amended to read:

42 475B.864. Notwithstanding ORS 475B.858 (3)(d), a medical marijuana dispensary may be located
43 within 1,000 feet of a school if:

44 (1)(a) The medical marijuana dispensary is not located within 500 feet of:

45 [(a)] (A) A public elementary or secondary school for which attendance is compulsory under

1 ORS 339.020; or

2 [(b)] (B) A private or parochial elementary or secondary school, teaching children as described
3 in ORS 339.030 (1)(a); and

4 [(2)] (b) The Oregon [*Liquor Control Commission*] **Health Authority** determines that there is a
5 physical or geographic barrier capable of preventing children from traversing to the premises of the
6 medical marijuana dispensary[.]; or

7 (2) **The medical marijuana dispensary was established before August 1, 2017, in accord-**
8 **ance with a city or county ordinance adopted under section 29, chapter 83, Oregon Laws 2016.**

9
10 **ILLEGAL MARIJUANA MARKET ENFORCEMENT**
11 **GRANT PROGRAM**

12
13 **SECTION 13.** (1) **The Illegal Marijuana Market Enforcement Grant Program is estab-**
14 **lished to assist cities and counties with the costs incurred by local law enforcement agencies**
15 **in addressing unlawful marijuana cultivation or distribution operations.**

16 (2) **The Oregon Criminal Justice Commission shall administer the grant program de-**
17 **scribed in subsection (1) of this section and shall award the grants described in this section.**

18 (3) **The commission shall adopt rules to administer the grant program. Rules adopted**
19 **under this section must include:**

20 (a) **A methodology for reviewing and approving grant applications and awarding grants;**
21 **and**

22 (b) **A process for evaluating the efficacy of local law enforcement programs and services**
23 **funded by the grant program.**

24 (4) **Moneys distributed to grant recipients under this section must be spent on costs as-**
25 **sociated with addressing and prosecuting unlawful marijuana cultivation or distribution op-**
26 **erations.**

27 (5) **The commission shall prioritize the following when awarding grants under this sec-**
28 **tion:**

29 (a) **Providing financial assistance to local law enforcement agencies and district attor-**
30 **neys in rural areas of this state to address unlawful marijuana cultivation or distribution**
31 **operations;**

32 (b) **Supporting local law enforcement agencies and district attorneys in investigating and**
33 **prosecuting large-scale unlawful marijuana cultivation or distribution operations;**

34 (c) **Providing financial assistance to local law enforcement agencies and district attorneys**
35 **in the investigation and prosecution of organized crime involved in unlawful marijuana cul-**
36 **tivation or distribution operations; and**

37 (d) **Providing financial assistance to local law enforcement agencies and district attor-**
38 **neys in the investigation and prosecution of unlawful marijuana cultivation or distribution**
39 **operations that divert marijuana outside of this state.**

40 **SECTION 14.** **Not later than January 1, 2020, and not later than January 1 each year**
41 **thereafter, the Oregon Criminal Justice Commission shall submit a report in the manner**
42 **provided in ORS 192.245 on the status and effectiveness of the Illegal Marijuana Market**
43 **Enforcement Grant Program established under section 13 of this 2018 Act to the interim**
44 **committees of the Legislative Assembly related to the judiciary.**

45 **SECTION 15.** **The Illegal Marijuana Market Enforcement Grant Program Fund is estab-**

1 lished in the State Treasury separate and distinct from the General Fund. Moneys in the Il-
2 legal Marijuana Market Enforcement Grant Program Fund are continuously appropriated to
3 the Oregon Criminal Justice Commission for the purposes of carrying out the provisions of
4 section 13 of this 2018 Act. Interest earned by the fund shall be credited to the fund.

5 **SECTION 16.** (1) Notwithstanding ORS 475B.759, before making any other distribution
6 from the Oregon Marijuana Account established under ORS 475B.759, the Department of
7 Revenue shall first distribute quarterly from the account the following:

8 (a) \$875,000 to the Oregon Liquor Control Commission for deposit in the Marijuana Con-
9 trol and Regulation Fund established under ORS 475B.296; and

10 (b) \$375,000 to the Oregon Criminal Justice Commission for deposit into the Illegal
11 Marijuana Market Enforcement Grant Program Fund established under section 15 of this
12 2018 Act for the purposes of paying the costs incurred by the commission in carrying out the
13 provisions of section 13 of this 2018 Act.

14 (2) The final distribution made under subsection (1) of this section shall be made in the
15 fiscal quarter beginning on October 1, 2023.

16 **SECTION 17.** Any balance in the Illegal Marijuana Market Enforcement Grant Program
17 Fund that is unexpended and unobligated on the date of repeal of section 15 of this 2018 Act,
18 and all moneys that would have been deposited in the Illegal Marijuana Market Enforcement
19 Grant Program Fund had section 15 of this 2018 Act remained in effect, shall be transferred
20 to and deposited in the Marijuana Control and Regulation Fund, and are appropriated for
21 expenditure as in the case of other moneys in the Marijuana Control and Regulation Fund.

22 INDUSTRIAL HEMP PRODUCTS AND COMMODITIES

23
24
25 **SECTION 18.** Sections 19 and 20 of this 2018 Act are added to and made a part of ORS
26 475B.010 to 475B.545.

27 **SECTION 19.** (1) As used in this section, “industrial hemp” has the meaning given that
28 term in ORS 571.300.

29 (2) An industrial hemp product or commodity offered for sale by a marijuana retailer that
30 holds a license issued under ORS 475B.105 must carry a label that clearly identifies whether
31 the product or commodity is derived from hemp or marijuana.

32 (3) The Oregon Liquor Control Commission may inspect the premises of a marijuana
33 retailer that holds a license issued under ORS 475B.105 to ensure compliance with this sec-
34 tion.

35 **SECTION 20.** (1) As used in this section:

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

38 (b) “Marijuana item” includes industrial hemp products and commodities that contain
39 more than 0.3 percent tetrahydrocannabinol.

40 (2) A person other than a marijuana retailer that holds a license issued under ORS
41 475B.105 may not sell marijuana items to a consumer.

42 **SECTION 21.** ORS 475B.227 is amended to read:

43 475B.227. (1) For purposes of this section[,]:

44 (a) “Export” includes placing a marijuana item in any mode of transportation for hire, such as
45 luggage, mail or parcel delivery, even if the transportation of the marijuana item is intercepted prior

1 to the marijuana item leaving this state.

2 **(b) “Marijuana item” includes industrial hemp products and commodities that contain**
3 **more than 0.3 percent tetrahydrocannabinol.**

4 (2) A person may not import marijuana items into this state or export marijuana items from this
5 state.

6 (3) Except as provided in subsection (4) of this section, a violation of this section is a Class B
7 violation.

8 (4) A violation of this section is a:

9 (a) Class A misdemeanor, if the importation or exportation:

10 (A) Is not for consideration and the person holds a license issued under ORS 475B.070, 475B.090,
11 475B.100 or 475B.105; or

12 (B) Concerns an amount of marijuana items that exceeds the applicable maximum amount spec-
13 ified in ORS 475B.337 (1)(a) to (f).

14 (b) Class C felony, if the importation or exportation:

15 (A) Is for consideration and the person holds a license issued under ORS 475B.070, 475B.090,
16 475B.100 or 475B.105;

17 (B) Concerns an amount of marijuana items that exceeds 16 times the applicable maximum
18 amount specified in ORS 475B.337 (1)(a) to (f); or

19 (C) Concerns a cannabinoid extract that was not purchased from a marijuana retailer that holds
20 a license issued under ORS 475B.105.

21
22 **UNIT CAPTIONS**

23
24 **SECTION 22. The unit captions used in this 2018 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 2018 Act.**

27
28 **APPLICABILITY**

29
30 **SECTION 23. The amendments to ORS 475B.813 by section 5 of this 2018 Act apply to**
31 **applications submitted on or after the effective date of this 2018 Act.**

32
33 **SUNSET**

34
35 **SECTION 24. Sections 13 to 16 of this 2018 Act are repealed on January 2, 2024.**

36
37 **OPERATIVE DATE**

38
39 **SECTION 25. (1) Sections 8, 13 to 17, 19 and 20 of this 2018 Act and the amendments to**
40 **ORS 305.260, 475B.109, 475B.136, 475B.139, 475B.227, 475B.630, 475B.813, 475B.831, 475B.864 and**
41 **475B.895 and sections 4 and 5, chapter 613, Oregon Laws 2017, by sections 1 to 7, 9 to 12 and**
42 **21 of this 2018 Act become operative on January 1, 2019.**

43 **(2) The amendments to ORS 475B.895 by section 7a of this 2018 Act become operative on**
44 **January 2, 2024.**

45 **(3) The Oregon Criminal Justice Commission, the Oregon Health Authority, the Oregon**

1 **Liquor Control Commission and the Department of Revenue may take any action before the**
2 **operative date specified in subsection (1) of this section that is necessary for the authority,**
3 **commission or department to exercise, on and after the operative date specified in subsection**
4 **(1) of this section, all of the duties, functions and powers conferred on the authority, com-**
5 **mission or department by sections 8, 13 to 17, 19 and 20 of this 2018 Act and the amendments**
6 **to ORS 305.260, 475B.109, 475B.136, 475B.139, 475B.227, 475B.630, 475B.813, 475B.831, 475B.864**
7 **and 475B.895 and sections 4 and 5, chapter 613, Oregon Laws 2017, by sections 1 to 7, 9 to 12**
8 **and 21 of this 2018 Act.**

9
10 **EFFECTIVE DATE**

11
12 **SECTION 26. This 2018 Act takes effect on the 91st day after the date on which the 2018**
13 **regular session of the Seventy-ninth Legislative Assembly adjourns sine die.**