

Requested by Senator BURDICK

**PROPOSED AMENDMENTS TO
SENATE BILL 1544**

1 On page 1 of the printed bill, line 2, after “provisions;” delete the rest
2 of the line and delete line 3 and insert “amending ORS 305.260, 475B.109,
3 475B.136, 475B.139, 475B.227, 475B.630, 475B.813, 475B.831, 475B.864 and
4 475B.895 and sections 4 and 5, chapter 613, Oregon Laws 2017; and prescrib-
5 ing an effective date.”.

6 Delete lines 5 through 29 and delete pages 2 through 5 and insert:
7

8 **“MARIJUANA TAXATION**

9

10 **“SECTION 1.** ORS 305.620 is amended to read:

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

17 **“(b) Notwithstanding ORS 314.835, a local government may disclose**
18 **payment distribution amounts made pursuant to an agreement under**
19 **this subsection to collect taxes imposed under ORS 475B.491.**

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

1 “(3) The department or agency shall prescribe the rules by which the
2 taxes described by subsection (1) of this section are administered, collected,
3 enforced and distributed.

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

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

16 “(6) The Oregon Tax Court shall have exclusive jurisdiction to review
17 determinations of the Department of Revenue or orders of another depart-
18 ment or agency relating to the collection, enforcement, administration and
19 distribution of local taxes under agreements entered into under subsection
20 (1) of this section.

21 “(7) A proceeding for refund or to set aside additional taxes or taxes as-
22 sessed when no return was filed may be initiated before the state agency or
23 department.

24 “(8) An appeal from a determination or an order may be taken by the
25 taxpayer or by the political subdivision whose taxes are in issue, by filing
26 a complaint with the clerk of the Oregon Tax Court at its principal office
27 in Salem, Oregon, within 60 days after the notice of the determination of the
28 Department of Revenue or the order of the department or agency is sent to
29 the taxpayer or the political subdivision. The filing of the complaint in the
30 Oregon Tax Court shall constitute perfection of the appeal. Service of the

1 taxpayer's complaint shall be accomplished by the clerk of the tax court by
2 filing a copy of the complaint with the administrative head of the department
3 or agency and a copy with the political subdivision. Service of the political
4 subdivision's complaint shall be accomplished by the clerk of the tax court
5 by filing a copy of the complaint with the administrative head of the de-
6 partment or agency and mailing a copy of the complaint to the taxpayer. The
7 complaint of a taxpayer shall be entitled in the name of the person filing as
8 plaintiff and the department or agency as defendant. The complaint of a
9 political subdivision shall be entitled in the name of the political subdivision
10 as plaintiff and the taxpayer and the department or agency as defendants.
11 A copy of the order of the department or agency shall be attached to the
12 complaint. All procedures shall be in accordance with ORS 305.405 to 305.494.

13
14 **“MARIJUANA GROW SITES AND PLANTS**

15
16 **“SECTION 2.** ORS 475B.136 is amended to read:

17 “475B.136. (1) To produce marijuana for medical purposes, a marijuana
18 producer that holds a license issued under ORS 475B.070 must register with
19 the Oregon Liquor Control Commission under this section.

20 “(2) The commission shall register a marijuana producer for the purpose
21 of producing marijuana for medical purposes if the marijuana producer:

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

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

24 “(c) Applies to the commission in a form and manner prescribed by the
25 commission; and

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

27 “(3) Subject to subsection (4) of this section, a marijuana producer regis-
28 tered under this section may produce marijuana plants on a medically des-
29 ignated grow canopy in addition to producing marijuana plants on the grow
30 canopy allowed under rules adopted under ORS 475B.085. The commission

1 shall specify the size of medically designated grow canopies by rule, provided
2 that the size of any medically designated grow canopy does not exceed 10
3 percent of the total size of both the medically designated grow canopy and
4 the grow canopy allowed under rules adopted under ORS 475B.085 at the time
5 that the marijuana producer applies for registration under this section.

6 “(4) A marijuana producer registered under this section must provide, for
7 no consideration, at least 75 percent of the annual yield of usable marijuana
8 harvested from the marijuana producer’s medically designated grow canopy
9 to registry identification cardholders and designated primary caregivers.

10 “(5) A marijuana producer registered under this section may not, during
11 a single transaction, provide a registry identification cardholder or the des-
12 ignated primary caregiver of a registry identification cardholder an amount
13 of usable marijuana that exceeds the amount of usable marijuana that a
14 registry identification cardholder and a designated primary caregiver may
15 jointly possess under ORS 475B.834.

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

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

23 “(b) The rules must establish sanctions for failure to meet the require-
24 ments of this section or a rule adopted under this section, including revoca-
25 tion of permission for the marijuana producer’s medically designated grow
26 canopy.

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

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

2 “475B.139. (1) To process marijuana for medical purposes, a marijuana
3 processor that holds a license issued under ORS 475B.090 must register with
4 the Oregon Liquor Control Commission under this section.

5 “(2) The commission shall register a marijuana processor for the purpose
6 of processing marijuana for medical purposes if the marijuana processor:

7 “(a) Holds a license issued under ORS 475B.090;

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

9 “(c) Applies to the commission in a form and manner prescribed by the
10 commission; and

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

12 “(3) A marijuana processor registered under this section may:

13 “(a) Process marijuana and usable marijuana into medical grade
14 cannabinoid products, cannabinoid concentrates and cannabinoid extracts;
15 and

16 “(b) Notwithstanding ORS 475B.206, receive marijuana and usable
17 marijuana from, and for a fee process that marijuana and usable marijuana
18 into cannabinoid products, cannabinoid concentrates and cannabinoid ex-
19 tracts for, a registry identification cardholder or the designated primary
20 caregiver of a registry identification cardholder, provided that the
21 cannabinoid products, cannabinoid concentrates and cannabinoid extracts
22 meet the requirements of ORS 475B.550 to 475B.590 and **the concentration**
23 **standards adopted under ORS 475B.625.**

24 “(4)(a) The commission shall adopt rules necessary to administer this
25 section.

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

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

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

2 “[~~(1)~~] (a) A person responsible for a marijuana grow site under ORS
3 475B.810 if the person is transferring usable marijuana or an immature
4 marijuana plant, as defined in ORS 475B.015, to:

5 “[~~(a)~~] (A) A person who holds a registry identification card under ORS
6 475B.797 and who designated the person responsible for the marijuana grow
7 site to grow marijuana for the person who holds a registry identification
8 card; or

9 “[~~(b)~~] (B) A person who has been designated as the primary caregiver
10 under ORS 475B.804 of a person who holds a registry identification card
11 under ORS 475B.797, and who designated the person responsible for the
12 marijuana grow site to grow marijuana for the person who holds a registry
13 identification card; or

14 “[~~(2)~~] (b) A person who has been designated as the primary caregiver
15 under ORS 475B.804 of a person who holds a registry identification card
16 under ORS 475B.797 if the person is transferring a marijuana item to the
17 person who holds a registry identification card.

18 **“(2) The labeling and packaging requirements and standards of ORS
19 475B.600 to 475B.655 do not apply to a marijuana processor registered
20 under ORS 475B.139 when the marijuana processor receives marijuana
21 and usable marijuana from, and for a fee processes that marijuana and
22 usable marijuana into cannabinoid products, cannabinoid concentrates
23 and cannabinoid extracts for, a registry identification cardholder or
24 the designated primary caregiver of a registry identification
25 cardholder.**

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

27 “475B.813. (1) For purposes of ORS 475B.785 to 475B.949, [*the following*
28 *forms of evidence shall be sufficient to establish the address where a*
29 *marijuana grow site is located.*]

30 “[~~(a)~~] A tax lot number;]

1 “[(b) An assessor’s map number with a map attached, showing the exact
2 location of the marijuana grow site; or]

3 “[(c) The exact location of the marijuana grow site using one or more of the
4 following:] **if a marijuana grow site has a physical United States Postal
5 Service address, an application filed for a marijuana grow site regis-
6 tration card under ORS 475B.810 must include the physical address. If
7 the grow site does not have a physical United States Postal Service
8 address, the application must include:**

9 “(a) **An assessor’s map number with a map showing the exact lo-
10 cation of the grow site;**

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

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

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

15 “(A) Longitude and latitude coordinates;

16 “(B) Township coordinates; [or]

17 “(C) Global positioning system coordinates[.]; **or**

18 “(D) **The tax lot number.**

19 “(2) For purposes of ORS 475B.810, the Oregon Health Authority shall
20 accept the forms of evidence described in subsection (1) of this section for
21 the purpose of establishing the address where a marijuana grow site is lo-
22 cated.

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

24 “475B.831. (1)(a) A registry identification cardholder and the designated
25 primary caregiver of the registry identification cardholder may jointly pos-
26 sess:

27 “(A) Six or fewer mature marijuana plants; and

28 “(B) Twelve or fewer immature marijuana plants.

29 “(b)(A) Unless an address is the marijuana grow site of a person desig-
30 nated to produce marijuana by a registry identification cardholder, the ad-

1 dress where a registry identification cardholder or the primary caregiver of
2 a registry identification cardholder produces marijuana may be used to
3 produce not more than:

4 “(i) Six or fewer mature marijuana plants per registry identification
5 cardholder, up to 12 mature marijuana plants; and

6 “(ii) Twelve or fewer immature marijuana plants per registry identifica-
7 tion cardholder, up to 24 immature marijuana plants.

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

11 “(C) Subject to subparagraph (D) of this paragraph, an address that is
12 subject to this paragraph may be used to produce marijuana plants pursuant
13 to ORS 475B.301 if a person other than a registry identification cardholder
14 who is using the address to produce marijuana plants pursuant to ORS
15 475B.785 to 475B.949 resides at the address.

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

18 “(2)(a) A person may be designated to produce marijuana under ORS
19 475B.810 by no more than *[four]* **eight** registry identification cardholders.

20 “[*b*] *A person who is designated to produce marijuana by a registry iden-*
21 *tification cardholder may produce no more than six mature marijuana plants*
22 *and no more than 12 immature marijuana plants that are 24 inches or more*
23 *in height for a registry identification cardholder who designates the person to*
24 *produce marijuana.]*

25 “**(b) A person responsible for a marijuana grow site may produce for**
26 **a registry identification cardholder who designates the person to**
27 **produce marijuana no more than:**

28 “**(A) Six mature marijuana plants;**

29 “**(B) 12 immature marijuana plants that are 24 inches or more in**
30 **height; and**

1 **“(C) The amount, established by the Oregon Health Authority by**
2 **rule, of immature marijuana plants that are less than 24 inches in**
3 **height.**

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

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

10 **“(A) 12 mature marijuana plants** [*and no more than*];

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

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

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

18 **“[(A)] no more than the following amounts of marijuana plants may**
19 **be produced at the address:**

20 **“(A) The amount of mature marijuana plants located at that address on**
21 **December 31, 2014, in excess of 12 mature marijuana plants, not to exceed**
22 **24 mature marijuana plants**[, *may be produced at the address; and*];

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

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

27 “(4) If the address of a person responsible for a marijuana grow site
28 **registered** under ORS 475B.810 is located in an area other than an area de-
29 scribed in subsection (3) of this section:

30 “(a) Except as provided in paragraph (b) of this subsection, no more than

1 **the following amounts of marijuana plants may be produced at the**
2 **address:**

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

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

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

8 “(b) Subject to subsections (5) and (6) of this section, if each person re-
9 sponsible for a marijuana grow site located at the address first registered
10 with the authority under ORS 475B.810 before January 1, 2015[.],

11 “[A)] no more than the **following amounts of marijuana plants may**
12 **be produced at the address:**

13 “(A) **The amount of mature marijuana plants located at that address on**
14 **December 31, 2014, in excess of 48 mature marijuana plants, not to exceed**
15 **96 mature marijuana plants**[, *may be produced at the address; and*];

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

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

20 “[5) *If the authority suspends or revokes the registration of a person re-*
21 *sponsible for a marijuana grow site that is located at an address described in*
22 *subsection (3)(b) or (4)(b) of this section.:*]

23 “[a) *No more than 12 mature marijuana plants and no more than 24 im-*
24 *mature marijuana plants that are 24 inches or more in height may be subse-*
25 *quently produced at any address described in subsection (3) of this section at*
26 *which the person responsible for that marijuana grow site produces*
27 *marijuana.*]

28 “[b) *No more than 48 mature marijuana plants and no more than 96 im-*
29 *mature marijuana plants that are 24 or more inches in height may be subse-*
30 *quently produced at any address described in Subsection (4) of this section at*

1 *which the person responsible for that marijuana grow site produces*
2 *marijuana.]*

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

9 **“(A) 12 mature marijuana plants;**

10 **“(B) 24 immature marijuana plants that are 24 inches or more in**
11 **height; and**

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

14 **“(b) If the authority suspends or revokes the registration of a per-**
15 **son responsible for a marijuana grow site that is located at an address**
16 **described in subsection (4)(b) of this section, no more than the fol-**
17 **lowing amounts of marijuana plants may subsequently be produced at**
18 **any address described in subsection (4) of this section at which the**
19 **person responsible for the marijuana grow site produces marijuana:**

20 **“(A) 48 mature marijuana plants;**

21 **“(B) 96 immature marijuana plants that are 24 inches or more in**
22 **height; and**

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

25 **“(6) If a registry identification cardholder who designated a person to**
26 **produce marijuana for the registry identification cardholder pursuant to ORS**
27 **475B.810 terminates the designation, the person responsible for the marijuana**
28 **grow site whose designation has been terminated may not be designated to**
29 **produce marijuana by another registry identification cardholder, except that**
30 **the person may be designated by another registry identification cardholder**

1 if no more than 48 mature marijuana plants and no more than 96 immature
2 marijuana plants that are 24 or more inches in height are produced at the
3 address for the marijuana grow site at which the person produces marijuana.

4 “(7) Subject to the limits described in subsections (2) to (6) of this section,
5 if multiple persons responsible for a marijuana grow site under ORS 475B.810
6 are located at the same address, the persons designated to produce marijuana
7 by registry identification cardholders who are located at that address may
8 collectively produce marijuana plants for any number of registry identifica-
9 tion cardholders who designate the persons to produce marijuana.

10 “(8) If a law enforcement officer determines that there is a number of
11 marijuana plants at an address in excess of the quantities specified in this
12 section, or that an address is being used to produce a number of marijuana
13 plants in excess of the quantities specified in subsection (1)(b) of this section,
14 the law enforcement officer may confiscate only the excess number of
15 marijuana plants.

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

17 “475B.895. (1) The Oregon Health Authority shall enter into an agreement
18 with the Oregon Liquor Control Commission under which the commission
19 shall use the system developed and maintained under ORS 475B.177 to track:

20 “(a) The propagation of immature marijuana plants and the production
21 of marijuana by marijuana grow sites;

22 “(b) The processing of marijuana into medical cannabinoid products,
23 cannabinoid concentrates and cannabinoid extracts that are transferred to
24 a medical marijuana dispensary;

25 “(c) The transfer of usable marijuana, immature marijuana plants, medical
26 cannabinoid products, cannabinoid concentrates and cannabinoid extracts by
27 a marijuana grow site or a medical marijuana dispensary to a registry iden-
28 tification cardholder or the designated primary caregiver of a registry iden-
29 tification cardholder; and

30 “(d) The transfer of usable marijuana, immature marijuana plants, med-

1 ical cannabinoid products, cannabinoid concentrates and cannabinoid ex-
2 tracts between marijuana grow sites, marijuana processing sites and medical
3 marijuana dispensaries.

4 “(2) Marijuana grow sites, marijuana processing sites, medical marijuana
5 dispensaries and any other person that processes marijuana into medical
6 cannabinoid products and cannabinoid concentrates for the purpose of
7 transferring the medical cannabinoid products and cannabinoid concentrates
8 to a medical marijuana dispensary are subject to tracking under this section.

9 “(3) On and after the date on which a marijuana grow site becomes sub-
10 ject to tracking under this section, the person is exempt from the require-
11 ments of ORS 475B.816 and the provisions of ORS 475B.810 that relate to
12 ORS 475B.816.

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

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

21 “(6) The commission may conduct inspections and investigations of al-
22 leged violations of ORS 475B.785 to 475B.949 about which the commission
23 obtains knowledge as a result of performing the commission’s duties under
24 this section. Notwithstanding ORS 475B.299, the commission may use regu-
25 latory specialists, as defined in ORS 471.001, to conduct the inspections and
26 investigations, including inspections and investigations of marijuana grow
27 sites located at a primary residence.

28 “[7] *Notwithstanding ORS 475B.759, before making any other distribution*
29 *from the Oregon Marijuana Account established under ORS 475B.759, the*
30 *Department of Revenue shall first distribute moneys quarterly from the account*

1 to the commission for deposit in the Marijuana Control and Regulation Fund
2 established under ORS 475B.296 for purposes of paying administrative, in-
3 spection and investigatory costs incurred by the commission under this section,
4 provided that the amount of distributed moneys does not exceed \$1.25 million
5 per quarter. For purposes of estimating the amount of moneys necessary to pay
6 costs incurred under this section, the commission shall establish a formulary
7 based on expected costs for each marijuana grow site, marijuana processing
8 site or medical marijuana dispensary that is tracked under this section. The
9 commission shall provide to the Department of Revenue and the Legislative
10 Fiscal Officer before each quarter the estimated amount of moneys necessary
11 to pay costs expected to be incurred under this section and the formulary.]

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

23 “[9] (8) The authority and the commission may adopt rules as necessary
24 to administer this section.

25 “[10] (9) This section does not apply to a marijuana grow site located
26 at an address where:

27 “(a) A registry identification cardholder produces marijuana and no more
28 than 12 mature marijuana plants and 24 immature marijuana plants are
29 produced [*at the address*]; or

30 “(b)(A) **No more than two persons are registered under ORS**

1 **475B.810 to produce marijuana; and**

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

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

6 “475B.895. (1) The Oregon Health Authority shall enter into an agreement
7 with the Oregon Liquor Control Commission under which the commission
8 shall use the system developed and maintained under ORS 475B.177 to track:

9 “(a) The propagation of immature marijuana plants and the production
10 of marijuana by marijuana grow sites;

11 “(b) The processing of marijuana into medical cannabinoid products,
12 cannabinoid concentrates and cannabinoid extracts that are transferred to
13 a medical marijuana dispensary;

14 “(c) The transfer of usable marijuana, immature marijuana plants, medical
15 cannabinoid products, cannabinoid concentrates and cannabinoid extracts by
16 a marijuana grow site or a medical marijuana dispensary to a registry iden-
17 tification cardholder or the designated primary caregiver of a registry iden-
18 tification cardholder; and

19 “(d) The transfer of usable marijuana, immature marijuana plants, med-
20 ical cannabinoid products, cannabinoid concentrates and cannabinoid ex-
21 tracts between marijuana grow sites, marijuana processing sites and medical
22 marijuana dispensaries.

23 “(2) Marijuana grow sites, marijuana processing sites, medical marijuana
24 dispensaries and any other person that processes marijuana into medical
25 cannabinoid products and cannabinoid concentrates for the purpose of
26 transferring the medical cannabinoid products and cannabinoid concentrates
27 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 sub-
29 ject to tracking under this section, the person is exempt from the require-
30 ments of ORS 475B.816 and the provisions of ORS 475B.810 that relate to

1 ORS 475B.816.

2 “(4) On and after the date on which a marijuana processing site becomes
3 subject to tracking under this section, the marijuana processing site is ex-
4 empt from the requirements of ORS 475B.846 and the provisions of ORS
5 475B.840 that relate to ORS 475B.846.

6 “(5) On and after the date on which a medical marijuana dispensary be-
7 comes subject to tracking under this section, the medical marijuana
8 dispensary is exempt from the requirements of ORS 475B.867 and the pro-
9 visions of ORS 475B.858 that relate to ORS 475B.867.

10 “(6) The commission may conduct inspections and investigations of al-
11 leged violations of ORS 475B.785 to 475B.949 about which the commission
12 obtains knowledge as a result of performing the commission’s duties under
13 this section. Notwithstanding ORS 475B.299, the commission may use regu-
14 latory specialists, as defined in ORS 471.001, to conduct the inspections and
15 investigations, including inspections and investigations of marijuana grow
16 sites located at a primary residence.

17 **“(7) Notwithstanding ORS 475B.759, before making any other dis-**
18 **tribution from the Oregon Marijuana Account established under ORS**
19 **475B.759, the Department of Revenue shall first distribute moneys**
20 **quarterly from the account to the commission for deposit in the**
21 **Marijuana Control and Regulation Fund established under ORS**
22 **475B.296 for purposes of paying administrative, inspection and**
23 **investigatory costs incurred by the commission under this section,**
24 **provided that the amount of distributed moneys does not exceed \$1.25**
25 **million per quarter. For purposes of estimating the amount of moneys**
26 **necessary to pay costs incurred under this section, the commission**
27 **shall establish a formulary based on expected costs for each marijuana**
28 **grow site, marijuana processing site or medical marijuana dispensary**
29 **that is tracked under this section. The commission shall provide to the**
30 **Department of Revenue and the Legislative Fiscal Officer before each**

1 **quarter the estimated amount of moneys necessary to pay costs ex-**
2 **pected to be incurred under this section and the formulary.**

3 “[7] (8) When imposing a fee on a person responsible for a marijuana
4 grow site, marijuana processing site or medical marijuana dispensary under
5 ORS 475B.810, 475B.840 or 475B.858, the authority shall impose [a] **addi-**
6 **tional** fee that is reasonably calculated to pay costs incurred under this
7 section **other than costs paid pursuant to subsection (7) of this**
8 **section.** As part of the agreement entered into under subsection (1) of this
9 section, the authority shall transfer fee moneys collected pursuant to this
10 subsection to the commission for deposit in the Marijuana Control and
11 Regulation Fund established under ORS 475B.296. Moneys collected pursuant
12 to this subsection and deposited in the Marijuana Control and Regulation
13 Fund are continuously appropriated to the commission for purposes of this
14 section.

15 “[8] (9) The authority and the commission may adopt rules as necessary
16 to administer this section.

17 “[9] (10) This section does not apply to a marijuana grow site located
18 at an address where:

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

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

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

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

30

1 use;

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

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

6 “(3) On or before [*December 15, 2017*] **February 1, 2019**, the commission
7 shall submit a report in the manner prescribed by ORS 192.245 to the interim
8 committees of the Legislative Assembly related to health and judiciary on
9 the findings and determinations made by the commission under subsection
10 (1) of this section. As part of the report, the commission may make recom-
11 mendations for legislation.

12 “(4) For purposes of making recommendations for legislation under sub-
13 section (3) of this section, after [*the effective date of this 2017 Act*] **August**
14 **2, 2017**, and on or before [*December 15, 2017*] **February 1, 2019**, the com-
15 mission may request an interim committee of the Legislative Assembly re-
16 lated to health or judiciary to direct the Legislative Counsel to prepare
17 legislative concepts for the commission’s consideration.

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

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

22

23 “**PROXIMITY TO SCHOOLS**

24

25 “**SECTION 11.** ORS 475B.109 is amended to read:

26 “475B.109. Notwithstanding ORS 475B.105 (2)(d), a marijuana retailer may
27 be located within 1,000 feet of a school if:

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

29 “[*(a)*] (A) A public elementary or secondary school for which attendance
30 is compulsory under ORS 339.020; or

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

3 “[2)] (b) The Oregon Liquor Control Commission determines that there
4 is a physical or geographic barrier capable of preventing children from
5 traversing to the premises of the marijuana retailer[.]; or

6 **“(2) The marijuana retailer was established before August 1, 2017,
7 in accordance with a city or county ordinance adopted under section
8 29b, chapter 83, Oregon Laws 2016.**

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

10 “475B.864. Notwithstanding ORS 475B.858 (3)(d), a medical marijuana
11 dispensary may be located within 1,000 feet of a school if:

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

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

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

18 “[2)] (b) The Oregon [*Liquor Control Commission*] **Health Authority**
19 determines that there is a physical or geographic barrier capable of pre-
20 venting children from traversing to the premises of the medical marijuana
21 dispensary[.]; or

22 **“(2) The medical marijuana dispensary was established before Au-
23 gust 1, 2017, in accordance with a city or county ordinance adopted
24 under section 29, chapter 83, Oregon Laws 2016.**

25

26 **“ILLEGAL MARIJUANA MARKET ENFORCEMENT**

27 **GRANT PROGRAM**

28

29 **“SECTION 13. (1) The Illegal Marijuana Market Enforcement Grant
30 Program is established to assist cities and counties with the costs in-**

1 curred by local law enforcement agencies in addressing unlawful
2 marijuana cultivation or distribution operations.

3 “(2) The Oregon Criminal Justice Commission shall administer the
4 grant program described in subsection (1) of this section and shall
5 award the grants described in this section.

6 “(3) The commission shall adopt rules to administer the grant pro-
7 gram. Rules adopted under this section must include:

8 “(a) A methodology for reviewing and approving grant applications
9 and awarding grants; and

10 “(b) A process for evaluating the efficacy of local law enforcement
11 programs and services funded by the grant program.

12 “(4) Moneys distributed to grant recipients under this section must
13 be spent on costs associated with addressing and prosecuting unlawful
14 marijuana cultivation or distribution operations.

15 “(5) The commission shall prioritize the following when awarding
16 grants under this section:

17 “(a) Providing financial assistance to local law enforcement agen-
18 cies and district attorneys in rural areas of this state to address un-
19 lawful marijuana cultivation or distribution operations;

20 “(b) Supporting local law enforcement agencies and district attor-
21 neys in investigating and prosecuting large-scale unlawful marijuana
22 cultivation or distribution operations;

23 “(c) Providing financial assistance to local law enforcement agen-
24 cies and district attorneys in the investigation and prosecution of or-
25 ganized crime involved in unlawful marijuana cultivation or
26 distribution operations; and

27 “(d) Providing financial assistance to local law enforcement agen-
28 cies and district attorneys in the investigation and prosecution of un-
29 lawful marijuana cultivation or distribution operations that divert
30 marijuana outside of this state.

1 **“SECTION 14. Not later than January 1, 2020, and not later than**
2 **January 1 each year thereafter, the Oregon Criminal Justice Commis-**
3 **sion shall submit a report in the manner provided in ORS 192.245 on**
4 **the status and effectiveness of the Illegal Marijuana Market Enforce-**
5 **ment Grant Program established under section 13 of this 2018 Act to**
6 **the interim committees of the Legislative Assembly related to the ju-**
7 **diciary.**

8 **“SECTION 15. The Illegal Marijuana Market Enforcement Grant**
9 **Program Fund is established in the State Treasury separate and dis-**
10 **tinguish from the General Fund. Moneys in the Illegal Marijuana Market**
11 **Enforcement Grant Program Fund are continuously appropriated to**
12 **the Oregon Criminal Justice Commission for the purposes of carrying**
13 **out the provisions of section 13 of this 2018 Act. Interest earned by the**
14 **fund shall be credited to the fund.**

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

19 **“(a) \$875,000 to the Oregon Liquor Control Commission for deposit**
20 **in the Marijuana Control and Regulation Fund established under ORS**
21 **475B.296; and**

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

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

29 **“SECTION 17. Any balance in the Illegal Marijuana Market**
30 **Enforcement Grant Program Fund that is unexpended and unobligated**

1 on the date of repeal of section 15 of this 2018 Act, and all moneys that
2 would have been deposited in the Illegal Marijuana Market Enforce-
3 ment Grant Program Fund had section 15 of this 2018 Act remained in
4 effect, shall be transferred to and deposited in the Marijuana Control
5 and Regulation Fund, and are appropriated for expenditure as in the
6 case of other moneys in the Marijuana Control and Regulation Fund.

7
8 **“INDUSTRIAL HEMP PRODUCTS AND COMMODITIES**

9
10 **“SECTION 18.** Sections 19 and 20 of this 2018 Act are added to and
11 made a part of ORS 475B.010 to 475B.545.

12 **“SECTION 19. (1)** As used in this section, ‘industrial hemp’ has the
13 meaning given that term in ORS 571.300.

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

18 **“(3)** The Oregon Liquor Control Commission may inspect the
19 premises of a marijuana retailer that holds a license issued under ORS
20 475B.105 to ensure compliance with this section.

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

22 **“(a)** ‘Consumer’ means a person who purchases, acquires, owns,
23 holds or uses marijuana items other than for the purpose of resale.

24 **“(b)** ‘Marijuana item’ includes industrial hemp products and com-
25 modities that contain more than 0.3 percent tetrahydrocannabinol.

26 **“(2)** A person other than a marijuana retailer that holds a license
27 issued under ORS 475B.105 may not sell marijuana items to a con-
28 sumer.

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

30 **“475B.227. (1)** For purposes of this section[,]:

1 **5, chapter 613, Oregon Laws 2017, by sections 1 to 7, 9 to 12 and 21 of**
2 **this 2018 Act.**

3

4

“EFFECTIVE DATE

5

6 **“SECTION 26. This 2018 Act takes effect on the 91st day after the**
7 **date on which the 2018 regular session of the Seventy-ninth Legislative**
8 **Assembly adjourns sine die.”.**

9
