

March 18, 2019

Dear Chair Riley and Committee Members Girod, Dembrow, Hass, Olsen Senate Committee on Business and General Government

### **RE: SB365**

https://olis.leg.state.or.us/liz/2019R1/Measures/Overview/HB2233

We are opposed to SB365

As we know two recent audits, one by the Secretary of State and one by OLCC in a legislative report of which both note that Oregon has a massive marijuana production oversupply.

https://oregonsos.com/blog/2019/1/29/audit-of-oregons-framework-for-regulating-marijuana

https://www.oregon.gov/olcc/marijuana/Documents/Bulletins/2019%20Supply%20and%20De mand%20Legislative%20Report%20FINAL%20for%20Publication%28PDFA%29.pdf

Clackamas County has had over 545 marijuana land use applications applied for since January of 2016, with over 98% of those being for marijuana production.

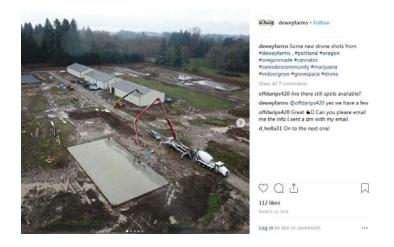
Large out-of-state and in state investors have been setting up EFU industrialized rent a marijuana grow building, in the middle of our EFU farm lands. Below are 4 examples.

• **267,264 sg. Ft. with 60 buildings** on 20 acres includes indoor growing, processing and hemp production. 60' x 100' cement slabs are being poured to erect steel buildings on prime farmland. They have already been burglarized and have ruined the quality of life and property values of surrounding property owners. When this project is building out, there will be an estimated 370 cars per day going in and out of this project and this does not include service vehicles such as delivery trucks, water trucks, daily garbage trucks, DHL delivery, UPS and FED Ex, along with other service providers. 10770 SE 362<sup>nd</sup>, Boring



smash-walls-with-sledgehammers-steal-pot-plants-from-licensed-grow-facility

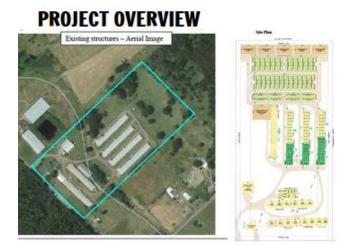
 <u>300,000 sg. ft. with 56 buildings</u> on 40 acres for indoor production who already have code violations for setting up a weapons shooting range on the same property. They are laying 60' x 100' cement slabs over prime farmland. This is a misuse of Oregon's EFU farmland. 11512 S. Barnard Rd, Molalla



<u>358,000 sq. ft. with 89 buildings</u> on 26 acres that includes processing with 16 OLCC indoor and outdoor production in over 74 greenhouses. When this project is building out, there will be an estimated 370 cars per day going in and out of this project and this does not include service vehicles such as delivery trucks, water trucks, daily garbage trucks, DHL deliver, UPS and FED Ex, along with other service providers. 15171 S. Spangler Rd-Oregon City



 <u>687,720 sq. ft. with 58 buildings</u> on 19 acres for indoor and outdoor production in over 15 buildings-33 greenhouses 10 8 x 40 cargo containers. 14289 S. Vaughn Rd-Molalla



On February 6, 2019 Clackamas County Commissioners voted unanimously through ordinance ZDO271 to ban multi licensed marijuana productions sites in our EFU, AGF, and Timber zones, allowing only 1 OLCC or OHA marijuana production license on 1 tract of land.

OLCC has received over 2357 marijuana production applications with over 1, 115 active licenses along with the below in process. OLCC does not limit the number of marijuana production licenses issued on the same tract of land, therefore absolutely destroying this farmland.

	License Active	Approved Not Paid	Assigned	Ready For Assignment	Without Approved LUCS	Grand Total
Laboratory	21	0	9	0	1	31
Processor	210	0	122	121	125	578
Producer	1115	6	316	566	219	2222
Retailer	606	4	100	118	118	946
Wholesaler	147	0	62	71	69	349
Research	0	0	2	0	2	4
Grand Total	2099	10	611	876	534	4130

https://www.oregon.gov/olcc/marijuana/Documents/mj\_app\_stats\_by\_county.pdf

Urban Oregon legalized marijuana, but rural Oregon is paying the price with the over production and industrialization of our prime rural farmland.

The allowing of industrialized marijuana production in our EFU farmlands is outrageous, as it is destroying public safety, quality of life, property values.

We oppose SB365 and encourage the committee to consider the risks that would be involved with allowing such a bill. We can't think of any other farm crop that would increase traffic flow by over 1000% and allow multiple marijuana production licenses on the same tract of land. This is industrial and they should be charged the <u>SDC system development charges</u> accordingly and pay their fair share of the cost to building the surrounding infrastructure that supports their business.

We might also offer the suggestion that an amendment be included that limits the number of marijuana production licenses that can be issued by OLCC on one tract of land, which will help to keep Oregon's EFU farmland from turning into an industrialized complex on prime farm land.

We also oppose any attempt through Amendment 1 and 2 to remove or restrict a County or City's ability to continue their <u>time, manner and place regulations</u> that they have put into place, according to the needs of their County.

Respectfully submitted,

Shirley Morgan

# Senate Bill 365

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with presession 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 as introduced.

Prohibits local governments from imposing system development charge on projects related to production, processing or retailing of marijuana items. Allows premises used for marijuana production to continue to be used for marijuana production if premises was first licensed prior to city or county prohibition on marijuana production.

Clarifies that supervision, diversion or release conditions related to marijuana must be imposed in same manner as supervision, diversion or release conditions related to prescription drugs. Declares emergency, effective on passage.

1	A BILL FOR AN ACT					
<b>2</b>	Relating to marijuana; creating new provisions; amending ORS 135.246, 135.893, 137.542, 144.086,					
3	223.301 and 475B.968; repealing ORS 135.252; and declaring an emergency.					
4	Be It Enacted by the People of the State of Oregon:					
5						
6	LOCAL GOVERNANCE OF MARIJUANA ENTITIES					
7						
8	SECTION 1. ORS 223.301 is amended to read:					
9	223.301. (1) As used in this section, "employer" means any person who contracts to pay					
10	remuneration for, and secures the right to direct and control the services of, any person.					
11	(2) A local government may not establish or impose a system development charge that requires					
12	an employer to pay a reimbursement fee or an improvement fee based on:					
13	(a) The number of individuals hired by the employer after a specified date; or					
14	(b) A methodology that assumes that costs are necessarily incurred for capital improvements					
15	when an employer hires an additional employee.					
16	(3) A methodology set forth in an ordinance or resolution that establishes an improvement fee					
17	or a reimbursement fee shall not include or incorporate any method or system under which the					
18	payment of the fee or the amount of the fee is determined by the number of employees of an em-					
19	ployer without regard to new construction, new development or new use of an existing structure by					
20	the employer.					
21	(4) A local government may not impose a system development charge on a farm use, as					
22	that term is defined in ORS 215.203 (2), that is conducted in an exclusive farm use zone.					
23	SECTION 2. Section 3 of this 2019 Act is added to and made a part of ORS 475B.010 to					
24	475B.545.					
25	SECTION 3. (1) A premises for which a marijuana producer holds a production license					
26	issued under ORS 475B.070 and that is located in an area subject to the jurisdiction of a city					
27	or county that has adopted a prohibition under ORS 475B.968 on marijuana production, or					
	NOTE: Matter in <b>boldfaced</b> type in an amended section is new; matter [ <i>italic and bracketed</i> ] is existing law to be omitted.					

has adopted or amended a county or local ordinance that causes marijuana production to be 1 2 a nonconforming land use, since the date on which the production license was first issued may continue to be used to produce marijuana. 3 (2) A premises described in subsection (1) of this section is not required to be continually 4 owned or operated by the marijuana producer that was first issued a license under ORS 5 475B.070. 6 (3) A land use compatibility statement, in addition to that required for initial licensure, 7 from the city or county is not required for a premises described in subsection (1) of this 8 9 section if: (a) The marijuana producer is applying for licensure renewal; or 10 11 (b) A change in ownership of the premises occurs but does not alter the marijuana plant 12 grow canopy size or whether the marijuana plant grow canopy is indoors or outdoors. 13 (4)(a) Alterations may be made to premises described in subsection (1) of this section if the alterations: 14 15 (A) Are necessary in order for the premises to comply with a lawful requirement for alteration in production; or 16 (B) In the production or in the buildings, structures or physical improvements associated 17 18 with the premises have no greater adverse impact to the surrounding area. 19 (b) The city or county that has jurisdiction over the premises shall perform an evaluation 20 of proposed alterations and may deny only alterations that do not meet the criteria set out 21in this subsection. 22(5) If a premises described in subsection (1) of this section is not used for marijuana 23production for a period of at least 12 calendar months, marijuana production may not be resumed on the premises unless the marijuana production conforms to any zoning require-94 25ments or regulations applicable at the time of the proposed resumption. SECTION 4. ORS 475B.968 is amended to read: 2627475B.968. (1) The governing body of a city or county may adopt ordinances to be referred to the electors of the city or county as described in subsection (2) of this section that prohibit or allow the 28establishment of any one or more of the following in the area subject to the jurisdiction of the city 2930 or in the unincorporated area subject to the jurisdiction of the county: 31 (a) Marijuana processing sites registered under ORS 475B.840; (b) Medical marijuana dispensaries registered under ORS 475B.858; 32(c) Marijuana producers that hold a license issued under ORS 475B.070; 33 34 (d) Marijuana processors that hold a license issued under ORS 475B.090; (e) Marijuana wholesalers that hold a license issued under ORS 475B.100; 35(f) Marijuana retailers that hold a license issued under ORS 475B.105; 36 37 (g) Marijuana producers that hold a license issued under ORS 475B.070 and that the Oregon 38 Liquor Control Commission has designated as an exclusively medical licensee under ORS 475B.122; (h) Marijuana processors that hold a license issued under ORS 475B.090 and that the commission 39 has designated as an exclusively medical licensee under ORS 475B.127; 40 (i) Marijuana wholesalers that hold a license issued under ORS 475B.100 and that the commis-41 sion has designated as an exclusively medical licensee under ORS 475B.129; 42 (j) Marijuana retailers that hold a license issued under ORS 475B.105 and that the commission 43 has designated as an exclusively medical licensee under ORS 475B.131; or 44

45 (k) Any combination of the entities described in this subsection.

SB 365

1 (2) If the governing body of a city or county adopts an ordinance under this section, the gov-2 erning body shall submit the measure of the ordinance to the electors of the city or county for ap-3 proval at the next statewide general election.

4 (3) If the governing body of a city or county adopts an ordinance under this section, the gov-5 erning body must provide the text of the ordinance:

6 (a) To the Oregon Health Authority, in a form and manner prescribed by the authority, if the 7 ordinance concerns a medical marijuana dispensary registered under ORS 475B.858 or a marijuana 8 processing site registered under ORS 475B.840; or

9 (b) To the commission, if the ordinance concerns a premises for which a license has been issued 10 under ORS 475B.010 to 475B.545.

(4)(a) Upon receiving notice of a prohibition under subsection (3) of this section, the authority
 shall discontinue registering those entities to which the prohibition applies until the date of the next
 statewide general election.

(b) Upon receiving notice of a prohibition under subsection (3) of this section, the commission
shall discontinue licensing those premises to which the prohibition applies until the date of the next
statewide general election.

(5)(a) If an allowance is approved at the next statewide general election under subsection (2) of this section, and the allowance concerns an entity described in subsection (1)(a) or (b) of this section, the authority shall begin registering the entity to which the allowance applies on the first business day of the January immediately following the date of the statewide general election.

(b) If an allowance is approved at the next statewide general election under subsection (2) of this section, and the allowance concerns an entity described in subsection (1)(c) to (j) of this section, the commission shall begin licensing the premises to which the allowance applies on the first business day of the January immediately following the date of the next statewide general election.

(6) If the electors of a city or county approve an ordinance prohibiting or allowing an [estab-lishment] entity described in subsection (1)(a), (b) or (g) to (j) of this section, the governing body of
the city or county may amend the ordinance, without referring the amendment to the electors of the
city or county, to prohibit or allow any other [establishment] entity described in subsection (1)(a),
(b) or (g) to (j) of this section.

30 (7) Notwithstanding any other provisions of law, a city or county that adopts an ordinance under 31 this section that prohibits the establishment of an entity described in subsection (1) of this section 32 may not impose a tax or fee on the production, processing or sale of marijuana or any product into 33 which marijuana has been incorporated.

(8) Notwithstanding subsection (1) of this section, a medical marijuana dispensary is not subject
 to an ordinance adopted under this section if the medical marijuana dispensary:

(a) Is registered under ORS 475B.858 on or before the date on which the governing body adopts
 the ordinance; and

(b) Has successfully completed a city or county land use application process.

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(9) Notwithstanding subsection (1) of this section, a marijuana processing site is not subject toan ordinance adopted under this section if the marijuana processing site:

(a) Is registered under ORS 475B.840 on or before the date on which the governing body adopts
 the ordinance; and

43 (b) Has successfully completed a city or county land use application process.

44 <u>SECTION 5.</u> Section 3 of this 2019 Act and the amendments to ORS 233.301 and 475B.968 45 by sections 1 and 4 of this 2019 Act apply to marijuana produced before, on and after the SB 365

1 operative date of this 2019 Act.

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### DIVERSION, RELEASE OR SUPERVISION CONDITIONS RELATED TO MARIJUANA

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SECTION 6. ORS 135.246 is amended to read:

6 135.246. (1) As used in this section, "cannabinoid concentrate," "cannabinoid extract," "medical 7 cannabinoid product," "registry identification card" and "usable marijuana" have the meanings 8 given those terms in ORS 475B.791.

9 (2) [Notwithstanding ORS 135.245, the conditions of release of a person who holds a registry identification card and is released from custody related to the use of usable marijuana, medical 10 cannabinoid products, cannabinoid concentrates or cannabinoid extracts must be imposed in the same 11 12 manner as conditions of release of a person released from custody related to prescription drugs] If a person who holds a registry identification card is released under ORS 135.230 to 135.290, any 13 release conditions related to the use of usable marijuana, medical cannabinoid products, 14 15 cannabinoid concentrates or cannabinoid extracts must be imposed in the same manner as 16 would be imposed release conditions related to prescription drugs.

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SECTION 7. ORS 135.893 is amended to read:

18 135.893. (1) As used in this section, "cannabinoid concentrate," "cannabinoid extract," "medical
19 cannabinoid product," "registry identification card" and "usable marijuana" have the meanings
20 given those terms in ORS 475B.791.

(2) [Notwithstanding ORS 135.891, the conditions of diversion of a person who holds a registry 2122identification card and enters into a diversion agreement related to the use of usable marijuana, med-23ical cannabinoid products, cannabinoid concentrates or cannabinoid extracts must be imposed in the same manner as the conditions of diversion of a person who enters into a diversion agreement related 24 to prescription drugs] For a person who holds a registry identification card who is subject to 25a diversion agreement under ORS 135.891, the diversion conditions related to the use of us-2627able marijuana, medical cannabinoid products, cannabinoid concentrates or cannabinoid extracts must be imposed in the same manner as the diversion conditions related to 28prescription drugs. 29

30 **SECTION 8.** ORS 137.542 is amended to read:

137.542. (1) As used in this section, "cannabinoid concentrate," "cannabinoid extract," "medical
 cannabinoid product," "registry identification card" and "usable marijuana" have the meanings
 given those terms in ORS 475B.791.

34 (2) Notwithstanding ORS 137.540, [the conditions of supervision of a person who holds a registry identification card and is sentenced to probation related to the use of usable marijuana, medical 35cannabinoid products, cannabinoid concentrates or cannabinoid extracts must be imposed in the same 36 37 manner as the conditions of supervision of a person sentenced to probation related to prescription 38 drugs] if a person who holds a registry identification card is sentenced to probation, supervision conditions related to the use of usable marijuana, medical cannabinoid products, 39 cannabinoid concentrates or cannabinoid extracts must be imposed in the same manner as 40 the court would impose supervision conditions related to prescription drugs. 41

42 **SECTION 9.** ORS 144.086 is amended to read:

144.086. (1) As used in this section, "cannabinoid concentrate," "cannabinoid extract," "medical
cannabinoid product," "registry identification card" and "usable marijuana" have the meanings
given those terms in ORS 475B.791.

### $\rm SB ~ 365$

1	(2) Notwithstanding ORS 144.102 and 144.270, [the conditions of supervision of a person who holds
2	a registry identification card and is released from prison or jail to post-prison supervision or parole
3	related to the use of usable marijuana, medical cannabinoid products, cannabinoid concentrates or
4	cannabinoid extracts must be imposed in the same manner as the conditions of supervision of a person
5	sentenced to probation related to prescription drugs] if a person who holds a registry identification
6	card is released on post-prison supervision or parole, the supervision conditions related to
7	the use of usable marijuana, medical cannabinoid products, cannabinoid concentrates or
8	cannabinoid extracts must be imposed in the same manner as supervision conditions related
9	to prescription drugs.
10	SECTION 10. ORS 135.252 is repealed on January 1, 2020.
11	<u></u>
12	CAPTIONS
13	
14	SECTION 11. The unit captions used in this 2019 Act are provided only for the conven-
15	ience of the reader and do not become part of the statutory law of this state or express any
16	legislative intent in the enactment of this 2019 Act.
17	
18	<b>OPERATIVE AND EFFECTIVE DATES</b>
19	
20	SECTION 12. (1) Section 3 of this 2019 Act and the amendments to ORS 135.246, 135.893,
21	137.542, 144.086, 223.301 and 475B.968 by sections 1, 4 and 6 to 9 of this 2019 Act become op-
22	erative on January 1, 2020.
23	(2) The Oregon Liquor Control Commission may take any action before the operative date
24	specified in subsection (1) of this section that is necessary to enable the commission to ex-
25	ercise, on and after the operative date specified in subsection (1) of this section, all of the
26	duties, functions and powers conferred on the commission by section 3 of this 2019 Act and
27	the amendments to ORS 135.246, 135.893, 137.542, 144.086, 223.301 and 475B.968 by sections 1,
28	4 and 6 to 9 of this 2019 Act.
29	SECTION 13. This 2019 Act being necessary for the immediate preservation of the public
30	peace, health and safety, an emergency is declared to exist, and this 2019 Act takes effect
31	on its passage.

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SB 365-1 (LC 822) 2/26/19 (SCT/ps)

Requested by Senator PROZANSKI

## PROPOSED AMENDMENTS TO SENATE BILL 365

On <u>page 1</u> of the printed bill, line 21, after "charge" delete the rest of the line and delete line 22 and insert "for increased use of a transportation facility that results from the production of marijuana on a property located in an exclusive farm use zone.".

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SB 365-2 (LC 822) 2/26/19 (SCT/ps)

Requested by Senator PROZANSKI

### PROPOSED AMENDMENTS TO SENATE BILL 365

1 On <u>page 1</u> of the printed bill, line 3, after "223.301" insert ", 475B.063, 2 475B.486".

3 On page 2, after line 25, insert:

4 **"SECTION 4.** ORS 475B.063 is amended to read:

"475B.063. (1) Prior to receiving a license under ORS 475B.070, 475B.090, 5 475B.100 or 475B.105, an applicant shall request a land use compatibility 6 statement from the city or county that authorizes the land use. The land use 7 compatibility statement must demonstrate that the requested license is for 8 a land use that is allowable as a permitted or conditional use within the 9 given zoning designation where the land is located. The Oregon Liquor 10 Control Commission may not issue a license if the land use compatibility 11 12 statement shows that the proposed land use is prohibited in the applicable zone. 13

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

"(a) Receipt of the request, if the land use is allowable as an outright
 permitted use; or

"(b) Final local permit approval, if the land use is allowable as a condi-tional use.

"(3) A city or county that receives a request for a land use compatibility

statement under this section is not required to act on that request during
the period that the commission discontinues licensing those premises pursuant to ORS 475B.968 (4)(b).

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

"(5) For purposes of this section, the production of marijuana is an
outright permitted use of land that is located within an exclusive farm
use zone.

<sup>10</sup> "SECTION 5. ORS 475B.486 is amended to read:

"475B.486. (1) For purposes of this section, 'reasonable regulations' includes:

(a) Reasonable conditions on the manner in which a marijuana producer that holds a license issued under ORS 475B.070 may produce marijuana on premises that are not located within an exclusive farm use zone or in which a researcher of cannabis that holds a certificate issued under ORS 475B.286 may produce marijuana or propagate immature marijuana plants on premises that are not located within an exclusive farm use zone;

"(b) Reasonable conditions on the manner in which a marijuana processor
that holds a license issued under ORS 475B.090 may process marijuana or in
which a researcher of cannabis that holds a certificate issued under ORS
475B.286 may process marijuana;

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

"(d) Reasonable conditions on the manner in which a marijuana retailer
 that holds a license issued under ORS 475B.105 may sell marijuana items;

"(e) Reasonable limitations on the hours during which a premises for
which a license has been issued under ORS 475B.010 to 475B.545 may operate;
"(f) Reasonable requirements related to the public's access to a premises

for which a license or certificate has been issued under ORS 475B.010 to
 475B.545; and

"(g) Reasonable limitations on where a premises for which a license or
certificate may be issued under ORS 475B.010 to 475B.545 may be located.

5 "(2) Notwithstanding ORS 30.935, 215.253 (1) or 633.738, the governing 6 body of a city or county may adopt ordinances that impose reasonable regu-7 lations on the operation of businesses located at premises for which a license 8 or certificate has been issued under ORS 475B.010 to 475B.545 if the premises 9 are located in the area subject to the jurisdiction of the city or county, ex-10 cept that the governing body of a city or county may not:

"(a) Adopt an ordinance that prohibits a premises for which a license has been issued under ORS 475B.105 from being located within a distance that is greater than 1,000 feet of another premises for which a license has been issued under ORS 475B.105.

"(b) Adopt an ordinance that imposes a setback requirement for an agri cultural building used to produce marijuana located on a premises for which
 a license has been issued under ORS 475B.070 if the agricultural building:

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

"(B) Is located at an address where a marijuana grow site first registered
with the Oregon Health Authority under ORS 475B.810 on or before January
1, 2015;

"(C) Was used to produce marijuana pursuant to the provisions of ORS
475B.785 to 475B.949 on or before January 1, 2015; and

<sup>26</sup> "(D) Has four opaque walls and a roof.

"(c) Except as provided in subsection (3) of this section, adopt an
ordinance that applies to premises for which a license has been issued
under ORS 475B.070 and that are located within an exclusive farm use
zone unless the ordinance applies to any farm use, as defined in ORS

1 215.203, of land that is located in an exclusive farm use zone.

"(3) For premises located within an exclusive farm use zone, the
governing body of a city or county may adopt an ordinance that applies to premises for which a license has been issued under ORS
475B.070 and that:

6 "(a) Prohibits the outdoor production of marijuana within 100 feet 7 from the boundary of a lot or parcel that is used for the production 8 of marijuana; and

9 "(b) Imposes reasonable regulations to shield from the view of 10 passersby agricultural buildings not described in subsection (2)(b) of 11 this section, if the requirements do not:

"(A) Substantially interfere with the production authorized by the
 license issued under ORS 475B.070; or

- 14 **"(B) Significantly increase production costs.**".
- In line 26, delete "4" and insert "6".
- On page 3, line 44, delete "5" and insert "7" and after "223.301" insert ",
  475B.063, 475B.486".
- In line 45, after "4" insert "to 6".
- 19 On page 4, line 5, delete "6" and insert "8".
- In line 17, delete "7" and insert "9".
- In line 30, delete "8" and insert "10".
- In line 42, delete "9" and insert "11".
- On page 5, line 10, delete "10" and insert "12".
- In line 14, delete "11" and insert "13".
- In line 20, delete "12" and insert "14".
- 26 Delete line 21 and insert "137.542, 144.086, 223.301 475B.063, 475B.486 and
- 475B.968 by sections 1, 4 to 6 and 8 to 11 of this 2019 Act become op-".
- 28 In line 27, after "223.301" insert ", 475B.063, 475B.486".
- Delete line 28 and insert "4 to 6 and 8 to 11 of this 2019 Act.".
- 30 In line 29, delete "13" and insert "15".

SB 365-2 2/26/19 Proposed Amendments to SB 365

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