

HB 2098 -3, -5, -6 STAFF MEASURE SUMMARY

House Committee On Economic Development

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 3/13, 4/3, 4/8

WHAT THE MEASURE DOES:

Prescribes that fees collected on or after January 1, 2020 to renew a production, processor, wholesale, or retail marijuana license are nonrefundable if the applicant is authorized to operate either conditionally or unconditionally. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Oversupply of cannabis
- Sunset date for producer license limits
- Lab testing and results and consumer confidence
- Retail establishment payment of taxes and OLCC authorities

EFFECT OF AMENDMENT:

-3 Replaces measure. Allows Oregon Liquor Control Commission to revoke marijuana retailer license for failure to pay retail tax or file a return twice in any four consecutive quarters if Department of Revenue has issued licensee a distraint warrant for the nonpayment of tax or issued a notice of determination and assessment for the failure to file a return. Requires Department to notify Commission of distraint warrant or notice of determination and assessment and allows that notice to be prima facie evidence of licensee's failure to pay the tax or file a return. Becomes operative January 1, 2020. Declares emergency, effective on passage.

-5 Replaces measure. Establishes and prescribes membership for advisory committee to advise Oregon Liquor Control Commission, Oregon Health Authority, and Oregon Department of Agriculture on standards for testing the potency of marijuana and marijuana items. Becomes operative January 1, 2020. Takes effect 91st day following adjournment sine die.

-6 Replaces measure. Makes technical changes to cannabis regulation statutes. Gives Oregon Liquor Control Commission authority to establish pilot programs of three years or less to expand access to medical marijuana for registry identification cardholders and designated primary caregivers. Adds license for laboratory that conducts testing of marijuana items to certain licensing and disciplinary authorities of Commission. Allows marijuana producer licensee that has certain plant grow canopy to produce and transfer kief, the resinous trichomes of marijuana that accumulate or fall off when marijuana flower is sifted through a mesh screen or sieve. Allows producer, processor, wholesale, or retail licensee to receive marijuana from a registered medical marijuana grow site in accordance with statute and Commission rule. Increases civil penalty for violation of certain recreational marijuana statutes or Commission rules from \$5,000 to \$10,000. Becomes operative on January 1, 2020. Takes effect 91st day following adjournment sine die.

BACKGROUND:

In 2014 Oregon voters enacted Measure 91, allowing the recreational use of marijuana for persons 21 years or older in Oregon. The measure directed the Oregon Liquor Control Commission (OLCC) to administer and regulate the recreational system. Under the OLCC licensing process, applicants submit a license application in the online licensing system and pay an application fee. OLCC receives the application and a license investigator begins a completeness review, followed by a compliance review. An OLCC inspector also visits the site to determine

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compliance with physical requirements. If an applicant meets all application and premise inspection requirements, and all fees are paid, the license is issued. Licenses must be renewed annually. As of January 15, 2019, the OLCC has 208 active processor licenses, 1,113 active producer licenses, 603 active retail licenses, and 143 active wholesale licenses.

House Bill 2098 establishes that the fees paid on or after January 1, 2020 to renew certain marijuana licenses are nonrefundable if the applicant is authorized to conditionally or unconditionally operate the recreational marijuana establishment.