

HB 2098 A -A10, -A11, -A13, -A14 STAFF MEASURE SUMMARY

Senate Committee On Business and General Government

Prepared By: Tyler Larson, LPRO Analyst

Meeting Dates: 5/2, 5/14

WHAT THE MEASURE DOES:

Establishes and prescribes membership for advisory committee to advise Oregon Liquor Control Commission (OLCC), Oregon Health Authority (OHA), and Oregon Department of Agriculture on standards for testing the potency of marijuana and marijuana items. Allows OLCC to establish pilot programs of three years or less to expand access to medical marijuana for registry identification cardholders and designated primary caregivers. Allows licensed recreational marijuana producer 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. Adds laboratory license to certain licensing and disciplinary authorities of OLCC. Requires OLCC to revoke marijuana retailer license for failure to pay retail tax or file a return twice in any four consecutive quarters. Requires Department of Revenue to notify OLCC of distraint warrant or notice of determination and assessment and establishes that notice is prima facie evidence of licensee's failure to pay tax or file tax return. Increases civil penalty for violation of certain recreational marijuana statutes or Commission rules to \$10,000. Makes other technical changes to cannabis regulation statutes. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Challenges and potential improvements for potency testing
- Benefits of allowing FDA-approved drugs that contain cannabinoids to be dispensed by pharmacists
- Need for amendments to align land use compatibility requirements with Senate Bill 1012
- Benefits of allowing OLCC to explore support for medical marijuana patients
- Need to clarify kief is not a concentrate
- Current process for delivering marijuana products and potential benefits of allowing electronic manifests

EFFECT OF AMENDMENT:

-A10 Allows pharmacist to dispense prescription drug approved by U.S. Food and Drug Administration that contains one or more cannabinoids. Excludes drugs approved by U.S. Food and Drug Administration that contains one or more cannabinoids from definition of "marijuana."

-A11 Allows governing body of city or county to adopt local ordinance that allows delivery of marijuana items to consumers within jurisdiction from an adjacent city or county. Requires city or county to give notice of ordinance to OLCC. Allows licensed marijuana retailer to make deliveries to consumers within same city or unincorporated area of county or to adjacent city or county as allowed by local ordinance. Prohibits delivery on land owned or leased by federal government. Establishes requirements for delivery vehicles, drivers, and records.

-A13 Removes requirement for recreational grow site applicant to demonstrate continuous registration as a grow site to qualify for exemption from land use compatibility requirement. Specifies that a recreational grow site applicant is not required to demonstrate continuous registration as a grow site to qualify for exemption from the land use compatibility requirement. Prohibits person from producing, processing, transporting, delivering, or selling marijuana items without valid license or registration. Authorizes OLCC to take specified regulatory action against licensee if agency finds probable cause that unlicensed individual engaged in regulated activity for licensed premises. Authorizes OLCC to seize marijuana items from licensee if agency finds probable cause that licensee engaged in unlawful diversion of marijuana items or allowed unlicensed individual to engage in regulated activity. Adds proof of participation in U.S. Customs and Border Protection Secure Electronic Network for

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Travelers Rapid Inspection and NEXUS to acceptable forms of ID for purchase of marijuana items.

-A14 Requires State Department of Agriculture, in consultation with OHA and OLCC, to establish State Cannabis Reference Lab to establish and use standards and practices for testing marijuana and hemp. Allows marijuana tax moneys to be used to reimburse agency for cost of establishing lab. Requires OLCC to receive approval from Oregon Cannabis Commission prior to establishing pilot program to expand access to medical marijuana.

BACKGROUND:

Oregonians voted to legalize the medical use of marijuana in 1998. Administered by the Oregon Health Authority (OHA), the medical marijuana program provides legal protections for qualified patients, allows caregivers to provide assistance to a patient, and allows patients grow their own medicine, designate a grower, or purchase marijuana from medical dispensaries or licensed recreational retail stores.

Oregonians voted to legalize the production, sale, and consumption of recreational marijuana by persons 21 years or older in 2014. The Oregon Liquor Control Commission (OLCC) administers licensing for the recreational producers, processors, wholesalers, and retailers. In 2015, the Legislative Assembly approved a 17 percent point of sale tax on recreational marijuana which is collected by the Department of Revenue (DoR).

HB 2098-A makes several changes to Oregon's marijuana regulations. First, the measure makes technical changes, including adding laboratory licensees to certain statutes, correcting citations, and clarifying how producers may handle kief, the resin crystals that can separate from marijuana flower during processing. Second, the measure makes changes to enforcement by increasing the maximum civil penalty for recreational marijuana violations from \$5,000 to \$10,000 per violation and requiring OLCC to revoke the marijuana retailer license for failure to pay the retail tax or file a DoR return twice in any four consecutive quarters. Third, the measure allows the OLCC to establish pilot programs to expand access to medical marijuana. Fourth, the measure clarifies that a recreational grow site applicant must demonstrate continuous registration as a grow site to qualify for the exemption from the land use compatibility requirement. Finally, the measure establishes an advisory committee to advise the OLCC, OHA, and Oregon Department of Agriculture on standards for testing the potency of marijuana and marijuana items.