

HB 2098 B STAFF MEASURE SUMMARY

Carrier: Sen. Hass

Senate Committee On Business and General Government**Action Date:** 05/14/19**Action:** Do pass with amendments to the A-Eng bill. (Printed B-Eng.)**Vote:** 5-0-0-0**Yeas:** 5 - Dembrow, Girod, Hass, Olsen, Riley**Fiscal:** Has minimal fiscal impact**Revenue:** Has minimal revenue impact**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 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. 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 maximum civil penalty to \$10,000 for violation of certain recreational marijuana statutes or OLCC rules. 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 Travelers Rapid Inspection and NEXUS to acceptable forms of ID for purchase of marijuana items. Allows pharmacist to dispense prescription drug approved by U.S. Food and Drug Administration (FDA) that contains one or more cannabinoids. Excludes from definition of "marijuana" drugs approved by U.S. Food and Drug Administration that contain one or more cannabinoids. 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:

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

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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 Travelers Rapid Inspection and NEXUS to acceptable forms of ID for purchase of marijuana items. Allows pharmacist to dispense prescription drug approved by U.S. Food and Drug Administration that contains one or more cannabinoids. Excludes from definition of "marijuana" drugs approved by U.S. Food and Drug Administration that contain one or more cannabinoids.

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 to 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).

House Bill 2098-B 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 flowers 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, allowing OLCC to take specified regulatory action when it finds a licensee is engaged in diversion or allowing unlicensed individuals to engage in licensed work, 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 is not required to demonstrate continuous registration as a grow site to qualify for the exemption from the land use compatibility requirement. Fifth, 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. Finally, the measure allows pharmacists to dispense prescription drugs approved by the U.S. Food and Drug Administration that contain one or more cannabinoids.