

**A-Engrossed**  
**House Bill 2740**

Ordered by the House April 16  
Including House Amendments dated April 16

Sponsored by Representatives WILSON, SMITH DB; Representatives BARRETO, BONHAM, BOSHART DAVIS,  
HELM, LEIF, LEWIS, RESCHKE, STARK

**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.

Establishes Oregon [*Industrial*] Hemp Commission. [*Aligns state definition of "industrial hemp" with federal definition.*] **Changes term "industrial hemp" to "hemp." Directs State Department of Agriculture to administer Oregon Hemp Program for commercial sale and production of hemp.**

Takes effect on 91st day following adjournment sine die.

**A BILL FOR AN ACT**

1  
2 Relating to cannabis; creating new provisions; amending ORS 475B.015, 475B.227, 475B.311, 475B.550,  
3 475B.600, 475B.791, 571.300, 571.303, 571.305, 571.315, 571.318, 571.327, 571.330, 571.333, 571.336  
4 and 571.348 and section 19, chapter 103, Oregon Laws 2018, and sections 2, 3, 7, 9, 10, 14, 15,  
5 15a and 30, chapter 116, Oregon Laws 2018; repealing ORS 571.339 and section 20, chapter 103,  
6 Oregon Laws 2018; and prescribing an effective date.

7 **Be It Enacted by the People of the State of Oregon:**

8  
9 **OREGON HEMP COMMISSION**

10  
11 **SECTION 1. As used in sections 1 to 36 of this 2019 Act:**

12 (1) **"Fiscal year":**

13 (a) **Except as provided in paragraph (b) of this subsection, means the 12-month period**  
14 **commencing on July 1 and ending on June 30.**

15 (b) **If adopted by rule by the Oregon Hemp Commission, means the 12-month period**  
16 **commencing on January 1 and ending on December 31.**

17 (2) **"Handler" means a person, joint venture, cooperative or corporation that receives**  
18 **hemp for processing into commodities, products or agricultural hemp seed.**

19 (3) **"Hemp" means the plant Cannabis sativa L. and any part of that plant, including the**  
20 **seeds of the plant, and all derivatives, extracts, cannabinoids, isomers, acids, salts and salts**  
21 **of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not**  
22 **more than 0.3 percent on a dry weight basis.**

23 (4) **"Processor" means a person, joint venture, cooperative or corporation that receives**  
24 **hemp for processing into commodities, products or agricultural hemp seed.**

25 (5) **"Producer" means a person, joint venture, cooperative or corporation that produces**  
26 **hemp.**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.  
New sections are in **boldfaced** type.

1       **SECTION 2.** (1) It is hereby declared, as a matter of legislative determination, that  
2 sections 1 to 36 of this 2019 Act are enacted in the exercise of the power of this state for the  
3 purposes of protecting and furthering the public health and welfare. It is further declared  
4 that the hemp industry of this state is affected with a public interest in that, among other  
5 things:

6       (a) The production, processing, manufacture and distribution of hemp and hemp products  
7 constitute a paramount industry of this state that not only provides substantial and required  
8 revenues for the state and its political subdivisions, and employment and a means of  
9 livelihood for many thousands of its population, but also provides essential foods, supple-  
10 ments and other agricultural, commercial and industrial products that are vital to the public  
11 health and welfare.

12       (b) The stabilization, maintenance and expansion of the hemp industry of Oregon, and  
13 of the state, national and international markets for hemp products, are necessary to assure  
14 the consuming public an adequate supply of foods and supplements that are indispensable in  
15 a proper human diet, as well as other agricultural, commercial and industrial products to  
16 protect, for the state and its political subdivisions, a necessary source of tax revenue, to  
17 provide and maintain an adequate standard of living for a great segment of the population  
18 of this state, to maintain proper wage scales for those engaged in the hemp industry and to  
19 maintain existing employment.

20       (c) The essential nature of hemp and hemp products in proper human nutrition and to  
21 the maintenance of a high level of public health is such as to require that the public be made  
22 aware of the essential nature of hemp and hemp products, and be protected against misrep-  
23 resentation and deception, by the dissemination of accurate and scientific information about  
24 the healthful qualities of hemp and hemp products, their various classifications, the food  
25 values and industrial and therapeutic uses of hemp and hemp products, the methods, care  
26 and precautions necessary to their proper production, processing, manufacture and distrib-  
27 ution, the necessary costs and expenses of the production, processing, manufacture and dis-  
28 tribution of hemp and hemp products and the necessity and desirability on the part of the  
29 public of using and consuming hemp and hemp products of the highest standards of quality.

30       (2) The purposes of sections 1 to 36 of this 2019 Act are:

31       (a) To enable the hemp industry, with the aid of the state, to develop, maintain and ex-  
32 pand the state, national and international markets for hemp and hemp products produced,  
33 processed or manufactured in this state, and the use and consumption of hemp and hemp  
34 products in the state, national and international markets.

35       (b) In aid, but not in limitation, of the purposes described in paragraph (a) of this sub-  
36 section, to authorize and enable the Oregon Hemp Commission to formulate and effectuate,  
37 directly or in cooperation with other agencies and instrumentalities specified in sections 1  
38 to 36 of this 2019 Act, sales stimulation and consumer or other educational programs de-  
39 signed to increase the use and consumption of hemp and hemp products and to conduct re-  
40 search, education and information programs related to the hemp industry.

41       **SECTION 3.** (1) The State Department of Agriculture shall:

42       (a) Monitor the methods and practices used or proposed by the Oregon Hemp Commission  
43 in carrying out the goals and meeting the needs disclosed by the budget of the commission;

44       (b) Promote cooperation among the Oregon Hemp Commission, the commodity commis-  
45 sions, the Oregon Beef Council and the Oregon Wheat Commission, and assist in the inter-

1 **change of information and experiences among those entities;**

2 **(c) Carry out the assigned organizational procedures under sections 1 to 36 of this 2019**  
3 **Act, including the appointment and removal of members of the Oregon Hemp Commission;**

4 **(d) Review budgets submitted to the Director of Agriculture by the commission; and**

5 **(e) Adopt rules to carry out the provisions of sections 1 to 36 of this 2019 Act.**

6 **(2) The department shall review, and may approve or disapprove, plans and projects re-**  
7 **commended by the Oregon Hemp Commission for promotion, advertising and research and**  
8 **for the dissemination of consumer and hemp industry information. In reviewing a plan or**  
9 **project under this subsection, the department shall consider whether the plan or project is:**

10 **(a) Factual;**

11 **(b) Not disparaging to agricultural commodities; and**

12 **(c) Consistent with the purposes of sections 1 to 36 of this 2019 Act.**

13 **SECTION 4. (1) In the same manner as that provided in ORS 576.206, the Director of**  
14 **Agriculture shall appoint five temporary members to the Oregon Hemp Commission. In ap-**  
15 **pointing the temporary members, the director shall consider any recommendations by com-**  
16 **modity commissions, producers and producer associations. All temporary members of the**  
17 **commission must be citizens of the United States.**

18 **(2)(a) A majority of the temporary members must be producers.**

19 **(b) A producer member appointed under this subsection must have produced hemp under**  
20 **a license or registration issued by the Department of Agriculture for at least four years prior**  
21 **to the member's appointment.**

22 **(c) At least one member must be a handler. A handler member appointed under this**  
23 **subsection must have handled hemp under a license or registration issued by the department**  
24 **for at least three years prior to the member's appointment.**

25 **(d) At least one member must be a member of the public who is not associated with the**  
26 **production or handling of hemp.**

27 **(3) The temporary members shall adopt rules for the commission in accordance with ORS**  
28 **chapter 183, including but not limited to rules:**

29 **(a) Establishing the number and geographic representation of the commissioners;**

30 **(b) Providing for the removal of commissioners;**

31 **(c) Setting a stipend and per diem for the commissioners; and**

32 **(d) Relating to the assessment rate and procedures described in sections 1 to 36 of this**  
33 **2019 Act.**

34 **(4) The terms of temporary members expire on the date of the first meeting of the**  
35 **commissioners appointed under subsection (6) of this section, but not later than one year**  
36 **after the effective date of this 2019 Act.**

37 **(5) A qualified temporary member is eligible for appointment to a term on the commis-**  
38 **sion under subsection (6) of this section.**

39 **(6) Except as provided in subsection (11) of this section, the director shall appoint the**  
40 **commissioners to the commission in accordance with rules adopted under subsection (3) of**  
41 **this section. In appointing the commissioners, the director shall consider any recommen-**  
42 **dations by commodity commissions, producers and producer associations. The commissioners**  
43 **appointed under this subsection may be the same as the temporary members appointed under**  
44 **subsection (2) of this section. All commissioners must be citizens of the United States.**

45 **(7)(a) All commissioners other than handlers and the members of the public must be**

1 **producers.**

2 **(b) A majority of the commissioners must be producers that have produced hemp under**  
3 **a license or registration issued by the department for at least four years prior to appoint-**  
4 **ment to the commission.**

5 **(c) At least one commissioner must be a handler that has handled hemp under a license**  
6 **or registration issued by the department for at least three years prior to the commissioner's**  
7 **appointment.**

8 **(d) At least one commissioner must be a member of the public who is not associated with**  
9 **the production or handling of hemp.**

10 **(8) The term of a commissioner appointed under subsection (6) of this section is four**  
11 **years unless a shorter term is established by the commission by rule to provide for staggered**  
12 **terms. A commissioner is eligible for reappointment unless otherwise provided by the com-**  
13 **mission by rule. Before the expiration of a commissioner's term, the director shall appoint**  
14 **a successor to assume office upon expiration of the term. If there is a vacancy on the com-**  
15 **mission for any reason, including a reason specified in section 6 or 7 of this 2019 Act, the**  
16 **director shall appoint a person to the unexpired term.**

17 **(9) The commission shall select one member to serve as chairperson, another member**  
18 **to serve as vice chairperson and another member to serve as secretary-treasurer with the**  
19 **duties and powers that the commission deems appropriate to those offices.**

20 **(10) A temporary member of the commission and a commissioner are entitled to com-**  
21 **penetration and expenses in the manner and amounts provided in ORS 292.495. Claims for**  
22 **compensation earned and expenses incurred in performing the functions of the commission**  
23 **shall be paid out of funds available to the commission.**

24 **(11) The commission may amend the rules adopted by the temporary members under**  
25 **subsection (3) of this section. A rule amendment adopted under this subsection applies to**  
26 **commission appointments made after the effective date of the rule amendment.**

27 **SECTION 5. The Director of Agriculture and the Dean of the College of Agricultural**  
28 **Sciences of Oregon State University are ex officio nonvoting members of the Oregon Hemp**  
29 **Commission.**

30 **SECTION 6. The Director of Agriculture shall immediately declare the office of a member**  
31 **of the Oregon Hemp Commission who is a handler or producer vacant if the director finds**  
32 **that:**

- 33 **(1) The member is no longer actively engaged in hemp production or processing;**
- 34 **(2) The member has become a resident of another state; or**
- 35 **(3) The member is otherwise unable to perform the duties of the office.**

36 **SECTION 7. (1) The Director of Agriculture may remove a member of the Oregon Hemp**  
37 **Commission for inefficiency, neglect of duty or misconduct in office if the director provides:**

38 **(a) At least 10 days before the date of a public hearing on the issue of removal of the**  
39 **member, service on the member of:**

- 40 **(A) A copy of the charges against the member; and**
- 41 **(B) Notice of the time and place of the public hearing on the issue of removal; and**

42 **(b) A public hearing on the issue of removal of the member at which the member must**  
43 **have the opportunity to be heard in person or by counsel and to present evidence to answer**  
44 **the charges and explain the facts alleged against the member.**

45 **(2) In the case of removal, the director shall file with the office of the Secretary of State**

1 a complete statement of all charges against the member, and the findings on the charges,  
2 along with a record of the entire removal proceedings.

3 **SECTION 8.** (1) The Oregon Hemp Commission may adopt rules to establish the amount  
4 of payment that a member of the commission receives under ORS 292.495 for each day, or  
5 portion of a day, during which the member is engaged in the performance of official duties.  
6 The amount must be at least the amount of payment that would otherwise be provided under  
7 ORS 292.495.

8 (2) Members, officers and employees of the commission must receive their actual and  
9 necessary travel and other expenses incurred in the performance of their official duties.  
10 Subject to any limitations described under ORS 292.495 (2), the commission shall adopt rules  
11 governing the incurring and paying of the expenses described in this subsection.

12 **SECTION 9.** (1) The Oregon Hemp Commission shall establish a meeting place anywhere  
13 in this state, but must consider in selecting the location the convenience of the majority of  
14 those persons most likely to have business with the commission or to be affected by the acts  
15 of the commission.

16 (2) Notwithstanding subsection (1) of this section, the commission may participate in  
17 meetings outside the state for the purposes of advancing the work of the commission.

18 (3) The commission may take action only at meetings held within this state.

19 **SECTION 10.** The Oregon Hemp Commission may:

20 (1) Conduct scientific research to discover and develop the commercial value of hemp and  
21 hemp products.

22 (2) Disseminate reliable information founded upon the research conducted under sections  
23 1 to 36 of this 2019 Act that shows the value of hemp and hemp products for any purpose for  
24 which hemp and hemp products may be found useful and profitable.

25 (3) Study federal and state legislation with respect to tariffs, duties, reciprocal trade  
26 agreements, import quotas and other matters concerning the effect of the legislation on the  
27 hemp industry, and represent and protect the interests of the hemp industry with respect  
28 to any legislation, proposed legislation or executive action that may affect the hemp indus-  
29 try.

30 (4) Act jointly and in cooperation with the federal government, or any federal agency, in  
31 the administration of any program of the federal government or federal agency that the  
32 commission determines is beneficial to the hemp industry in this state, and expend funds in  
33 connection with the administration of a program described in this subsection, provided that  
34 the program is compatible with the powers conferred on the commission by sections 1 to 36  
35 of this 2019 Act.

36 (5) Enter into contracts for advertising hemp and for developing new markets through  
37 advertising.

38 (6) Develop plans or projects for promotion and advertising research, consumer infor-  
39 mation and industry information, and create programs that will lead to the development of  
40 new markets, marketing strategies, increased efficiency and activities to enhance the image  
41 of the hemp industry.

42 (7) Appoint all subordinate officers and employees of the commission and establish their  
43 duties and compensation.

44 (8) Levy the assessments described in section 18 of this 2019 Act.

45 (9) Borrow money in amounts that do not exceed estimated revenues from assessments

1 for the year.

2 (10) Enter into contracts for carrying out the duties of the commission, in addition to  
3 those duties described in subsection (5) of this section.

4 (11) Subject to ORS 30.260 to 30.300, sue and be sued in the name of the commission.

5 (12) Request that the Attorney General prosecute in the name of the State of Oregon  
6 suits and actions for the collection of assessments levied by the commission.

7 (13) Participate in federal and state hearings or other proceedings concerning regulation  
8 of the manufacture, distribution, sale or use of pesticides as defined in ORS 634.006 or other  
9 chemicals that are of use or potential use to producers. This subsection does not authorize  
10 the commission to regulate the use of pesticides.

11 (14) To the extent consistent with the duties of the commission, participate in and co-  
12 operate with local, state, national and international private organizations or governmental  
13 agencies that engage in work similar to that of the commission.

14 (15) Provide mechanisms for maintaining and expanding existing markets and developing  
15 new domestic and foreign markets for hemp, including but not limited to:

16 (a) Public relations programs;

17 (b) Media relations programs;

18 (c) Paid print, electronic and position advertising;

19 (d) Point of sale promotion and coupon programs; and

20 (e) Activities that prevent, modify or eliminate trade barriers that obstruct the free flow  
21 of hemp to market.

22 (16) Conduct and fund research, in addition to that described in subsection (1) of this  
23 section, to:

24 (a) Enhance the commercial value of hemp and hemp products;

25 (b) Discover the benefits to public health, the environment or the economy of consuming  
26 or otherwise using hemp;

27 (c) Develop better and more efficient production, harvesting, irrigation, processing,  
28 transportation, handling, marketing and uses of hemp;

29 (d) Control or eradicate hazards to hemp, including but not limited to hazards from ani-  
30 mals, pests and plants;

31 (e) Develop viable alternatives for the rotation of crops;

32 (f) Determine new or potential demand for hemp and develop appropriate market devel-  
33 opment strategies for capturing that demand; and

34 (g) Measure the effectiveness of marketing, advertising or promotional programs.

35 (17) Gather, publicize and disseminate information that shows the importance of the  
36 consumption and other uses of hemp to public health, the environment, the economy and the  
37 proper nutrition of children and adults.

38 (18) Further the purposes of this section by funding scholarships for or providing finan-  
39 cial assistance to persons or entities interested in hemp.

40 (19) Adopt rules as necessary to carry out the duties, functions and powers conferred on  
41 the commission by this section.

42 **SECTION 11.** (1)(a) The Oregon Hemp Commission may contract with an independent  
43 contractor for the performance of any service, except that the commission may not contract  
44 with an independent contractor to perform discretionary functions of the commission.

45 (b) ORS 279.835 to 279.855 and ORS chapters 240, 279A, 279B and 279C do not apply to the

1 commission in obtaining services described in this subsection, except that a contract for  
2 services described in this subsection may not take effect until the contract is approved by  
3 the State Department of Agriculture under subsection (7) of this section.

4 (2)(a) The commission may rent space or acquire supplies and equipment from any con-  
5 tractor as described in subsection (1) of this section.

6 (b) ORS chapters 276, 278, 279A, 279B, 279C and 283 and ORS 276A.206, 279.835 to 279.855  
7 and 283.085 to 283.092 do not apply to rentals or acquisitions described in this subsection.

8 (3) Except as provided in this section, a contractor described in subsection (1) of this  
9 section shall be considered an independent contractor and not an employee, eligible em-  
10 ployee, public employee or employee of the state for purposes of Oregon law, including ORS  
11 chapters 236, 238, 238A, 240, 243, 291, 316 and 652.

12 (4) Nothing in this section precludes the state or the commission from being considered  
13 the employer of the contractor described in subsection (1) of this section for purposes of  
14 unemployment compensation under ORS chapter 657 and ORS 670.600.

15 (5) A contractor described in subsection (1) of this section shall be considered an inde-  
16 pendent contractor and not a worker for purposes of ORS chapter 656 and ORS 670.600.

17 (6) A contractor described in subsection (1) of this section may not be considered a public  
18 official, public officer, state officer or executive official for purposes of Oregon law, including  
19 ORS chapters 236, 244, 292, 295 and 297 and ORS 171.725 to 171.785.

20 (7) The department shall review the contract described in subsection (1) of this section  
21 for the adequacy of the clauses pertaining to statement of work, starting and ending dates,  
22 consideration, subcontracts, funds authorized in the budget, amendments, termination,  
23 compliance with applicable law, assignment and waiver, access to records, indemnity, own-  
24 ership of work product, nondiscrimination, successors in interest, attorney fees, tax certi-  
25 fication or merger or any other clause the department deems necessary.

26 (8) The Oregon Department of Justice shall review any contracts, agreements and similar  
27 funding devices that meet or exceed the fund threshold established by the department by  
28 rule.

29 (9) The Oregon Department of Administrative Services, in consultation with the State  
30 Department of Agriculture, shall adopt rules necessary for the screening and selection of  
31 independent contractors under this section.

32 (10) Except as provided under subsection (9) of this section, the State Department of  
33 Agriculture may adopt rules as necessary to carry out this section.

34 **SECTION 12.** (1) The Oregon Hemp Commission shall:

35 (a) Adopt a budget, obtain budget approval and submit financial statements in the same  
36 manner as a commodity commission acting under ORS 576.416.

37 (b) Receive, deposit, invest, expend and budget moneys in the same manner as a com-  
38 modity commission acting under sections 26, 31, 32 and 33 of this 2019 Act.

39 (2) The commission may accept gifts, grants, donations or contributions from any source  
40 and for expenditures for any purpose consistent with the powers conferred on the commis-  
41 sion.

42 **SECTION 13.** (1) Upon request by the Oregon Hemp Commission, the Oregon Department  
43 of Administrative Services may:

44 (a) Purchase or otherwise provide for acquiring or furnishing supplies, materials, equip-  
45 ment and services, other than personal services, that the commission requires and for in-

1 dependent contractors to furnish professional services to the commission.

2 (b) Provide for printing and multiple duplication work for the commission under ORS  
3 282.010 to 282.050, except for printing and binding that advertises or promotes hemp or hemp  
4 products.

5 (c) Provide for services to the commission for disposing of surplus, obsolete or unused  
6 supplies, materials and equipment under ORS 279A.280.

7 (d) Provide for central telephone service, central mail service and messenger services to  
8 the commission under ORS 283.140.

9 (e) Provide motor vehicles for use by members, officers and employees of the commission  
10 under ORS 283.305 to 283.350.

11 (2) The commission shall pay to the department an amount for services performed by the  
12 department under subsection (1) of this section that the department determines is adequate  
13 to reimburse the department.

14 (3) Upon request by the commission, the department may design and supervise the in-  
15 stallation of an accounting system for the commission. The commission shall pay to the de-  
16 partment an amount for services performed by the department under this subsection that  
17 the department determines is adequate to reimburse the department.

18 SECTION 14. (1) The Oregon Hemp Commission may elect to provide services, facilities  
19 and materials to commodity commissions created under ORS 576.051 to 576.455, the Oregon  
20 Wheat Commission, the Oregon Beef Council and other state agencies and officers under  
21 ORS 283.110.

22 (2) Upon request by the Oregon Hemp Commission, any other entity described in sub-  
23 section (1) of this section may provide services, facilities and materials to the commission  
24 under ORS 283.110.

25 SECTION 15. ORS 291.026, 291.201 to 291.222, 291.232 to 291.260, 291.322 to 291.334, 292.210  
26 to 292.250, 293.260 to 293.280, 293.295 to 293.346 and 293.590 to 293.640 do not apply to the  
27 Oregon Hemp Commission or to the administration and enforcement of sections 1 to 36 of  
28 this 2019 Act.

29 SECTION 16. (1) Wages or salaries of employees of the Oregon Hemp Commission are  
30 not subject to personnel compensation plans for state employees established by the Oregon  
31 Department of Administrative Services under ORS 240.235 to 240.250.

32 (2) The commission is not required to utilize office space provided or obtained by the  
33 department as provided in ORS chapter 276.

34 (3) The State Department of Agriculture may charge and collect from the commission  
35 an assessment or fee to reimburse the department for supervisory or administrative func-  
36 tions the department is required by law to perform for the commission. The department shall  
37 establish the amount of the assessment or fee by rule.

38 SECTION 17. (1) As used in this section, "intellectual property" means patents, copy-  
39 rights, trademarks, inventions, discoveries, processes, ideas and other similar property,  
40 whether or not they are patentable or copyrightable.

41 (2)(a) The Oregon Hemp Commission may:

42 (A) Consistent with the purposes of the commission, develop intellectual property that  
43 relates to hemp or assists in the implementation, maintenance or development of commis-  
44 sion programs.

45 (B) Take all necessary and proper actions, including but not limited to entering into



1 **contracts and other agreements and owning, managing, disposing of or using the intellectual**  
2 **property.**

3 **(b) The commission shall adopt rules to govern the ownership, management, disposal and**  
4 **use of intellectual property and other activities of the commission relating to intellectual**  
5 **property.**

6 **(3) Moneys received by the commission as a result of the ownership, management, dis-**  
7 **posal or use of intellectual property, or other activities of the commission relating to intel-**  
8 **lectual property, must be deposited into the account established by the commission as**  
9 **described in section 26 of this 2019 Act.**

10 **SECTION 18. (1) As used in this section:**

11 **(a) "Commodity" means hemp.**

12 **(b) "Industry average unit price" means the average unit price for the raw commodity**  
13 **within the industry and includes prices that are calculated using a one-year, two-year or**  
14 **three-year average and data from the most recent complete year or years preceding the year**  
15 **of determination.**

16 **(2)(a) The Oregon Hemp Commission may assess, levy and collect an assessment in an**  
17 **amount determined by rule, on all units of the commodity grown or produced in this state**  
18 **and sold in commercial channels. The commission may not apply an assessment to a trans-**  
19 **action that occurred prior to the effective date of the rule in which the commission adopted**  
20 **the assessment.**

21 **(b) The commission may assess, levy and collect a differential assessment in an amount**  
22 **determined by the commission by rule, based on the intended use, type or variety and value**  
23 **of the commodity.**

24 **(c) Casual sales made by a producer directly to a consumer are exempt from the as-**  
25 **essment described in this subsection.**

26 **(d) The commission may by rule define and regulate handling, processing and casual sales**  
27 **of the commodity and the methods of assessment under this section.**

28 **(3) The amount of the assessment provided for in subsection (2) of this section is limited**  
29 **as follows:**

30 **(a) If the commission assesses on a unit basis, the maximum assessment may not exceed**  
31 **five percent of the industry average unit price. The commission may determine the industry**  
32 **average unit price by considering data and estimates of the United States Department of**  
33 **Agriculture, Oregon State University or other reliable sources.**

34 **(b) If the commission assesses on a percentage of the dollar value basis, the maximum**  
35 **assessment may not exceed five percent of the dollar value that a producer receives for the**  
36 **raw commodity. If the dollar value is not otherwise determinable, the commission may es-**  
37 **tablish the dollar value based on the industry average unit price for that year for the raw**  
38 **commodity.**

39 **(4) The commission shall assess, levy and collect an assessment under subsection (2) of**  
40 **this section to the producer at the time and in the manner provided by the commission by**  
41 **rule. The commission is the owner of a collected assessment. A person who collects an as-**  
42 **essment holds the assessment in trust for the benefit of the commission and the state, and**  
43 **shall remit the assessment as required by the commission under section 20 of this 2019 Act.**

44 **(5) Notwithstanding subsection (4) of this section, the commission may assess, levy and**  
45 **collect an assessment from a producer as determined by the commission by rule. Except as**

1 provided in subsection (6) of this section, the assessment may not exceed the limits described  
2 in subsection (3) of this section.

3 (6) Notwithstanding subsection (5) of this section, the commission may assess, levy and  
4 collect an assessment in excess of the limits described in subsection (3) of this section pur-  
5 suant to a federal marketing order or agreement.

6 (7) A person who believes that the amount of an assessment is incorrect may apply to  
7 the commission for a refund not later than 60 days after the date on which the person paid  
8 the assessment.

9 **SECTION 19.** (1) The Oregon Hemp Commission may establish by rule exemptions from  
10 the assessments described in section 18 of this 2019 Act based on:

- 11 (a) Hemp quantities;
- 12 (b) Types of hemp sales;
- 13 (c) Types of hemp producers; and
- 14 (d) Types of hemp processors.

15 (2) In adopting a rule under subsection (1) of this section, the commission shall consider:

- 16 (a) Federal laws and rules, and laws and rules of other states, that relate to commodity  
17 commissions, boards and marketing orders;
- 18 (b) The practices, procedures and customs unique to the production, handling, processing  
19 and trading of hemp and to producers; and

20 (c) The cost of collecting the particular assessment and any practical problems relating  
21 to the collection.

22 (3) A producer or handler that is exempted from assessment but required to submit re-  
23 ports to the commission is subject to section 22 of this 2019 Act.

24 **SECTION 20.** (1) A person responsible for collecting an assessment on behalf of the  
25 Oregon Hemp Commission:

- 26 (a) Shall report to the commission as required by the commission by rule.
- 27 (b) Who fails to deduct an assessment at the time of sale shall report and pay the as-  
28 sessment to the commission.

29 (2) This section applies to a producer that is required to report and pay an assessment.

30 **SECTION 21.** (1) When a handler or processor lives, or has the handler's or processor's  
31 office, in Oregon, the producer shall report all transfers or sales made to the handler or  
32 processor on forms provided by the Oregon Hemp Commission and pay the assessment  
33 moneys directly to the commission.

34 (2) When a handler or processor lives, or has the handler's or processor's office, in an-  
35 other state or country or is a federal or other governmental agency, the producer shall re-  
36 port all transfers or sales made to the handler or processor on forms provided by the Oregon  
37 Hemp Commission and pay the assessment moneys directly to the commission.

38 (3) If a producer is also licensed as a handler or processor and performs all or part of  
39 the producer's handling or processing functions that would normally be performed by an-  
40 other person in the role of handler or processor, the producer shall report all transfers or  
41 sales of hemp from the production of the producer on forms provided by the commission and  
42 pay the assessment moneys directly to the commission.

43 **SECTION 22.** (1) A person required to pay or collect an assessment on hemp under  
44 sections 1 to 36 of this 2019 Act shall maintain accurate records sufficient to enable the  
45 Oregon Hemp Commission to determine by inspection and audit the accuracy of assessments

1 paid or due to the commission and of reports made or due to the commission.

2 (2) For purposes of determining the accuracy of assessments paid or due to the com-  
3 mission, the commission, or a person authorized by the commission, may:

4 (a) Make an inspection during normal business hours of the business premises of a per-  
5 son required to pay or collect an assessment; and

6 (b) Audit the records of a person required to pay or collect an assessment.

7 (3) For purposes of determining the accuracy of assessments paid or due to the com-  
8 mission, the commission may issue a subpoena for the production of any books, records or  
9 documents related to the payment or collection of an assessment to a person required to pay  
10 or collect the assessment.

11 (4) If an audit determines that a person is delinquent in the payment or collection of an  
12 assessment, the person shall pay the cost of the audit, not to exceed an amount equal to the  
13 delinquent assessment.

14 **SECTION 23.** (1) In addition to the penalties prescribed in section 36 of this 2019 Act, a  
15 person who delays transmittal of funds beyond the time set by the Oregon Hemp Commission  
16 shall pay a penalty of 10 percent of the amount due and one and one-half percent interest  
17 per month on the unpaid balance of the assessment.

18 (2) The commission may waive the penalty and interest described in subsection (1) of this  
19 section upon a showing of good cause, as determined by the commission by rule.

20 (3) Notwithstanding subsection (1) of this section, if an assessment is collected pursuant  
21 to a federal marketing order or agreement, the commission may establish a penalty or in-  
22 terest rate that is consistent with the federal marketing order or agreement.

23 **SECTION 24.** (1) If a person responsible for the transmittal of assessment moneys to the  
24 Oregon Hemp Commission fails to relinquish assessment moneys collected, the person shall  
25 pay an amount equal to twice the amount of the unrelinquished assessment moneys.

26 (2) The commission may commence a civil action or utilize any other available legal or  
27 equitable remedy to collect an assessment or civil penalty, obtain injunctive relief or obtain  
28 specific performance under sections 1 to 36 of this 2019 Act.

29 (3) If the person responsible for the transmittal of assessment moneys is a cooperative,  
30 corporation or joint venture, all directors and officers of the cooperative, corporation or joint  
31 venture are personally liable for a failure to relinquish the assessment moneys collected by  
32 the cooperative, corporation or joint venture.

33 (4) If the commission obtains a favorable judgment in an action or suit under subsection  
34 (2) of this section, the court shall award to the commission costs and reasonable attorney  
35 fees.

36 (5) Unless the person required to pay an assessment and the person responsible for col-  
37 lecting the assessment are related businesses, the commission may not collect from the  
38 person required to pay the assessment any amount deducted by the person responsible for  
39 collecting the assessment and due and owing to the commission.

40 **SECTION 25.** (1) A producer may dispute the amount of an assessment levied against the  
41 producer on a unit basis under section 18 of this 2019 Act if the total assessment levied  
42 against the producer during an assessment period established by the Oregon Hemp Com-  
43 mission by rule exceeds the total dollar value received by the producer for the hemp during  
44 that assessment period multiplied by the maximum lawful assessment percentage.

45 (2) A producer who disputes the amount of an assessment as provided under subsection

1 (1) of this section may file a challenge to the assessment with the commission not more than  
2 60 days after the close of the assessment period. The challenge must be filed on a form  
3 provided by the State Department of Agriculture. The commission shall process a challenge  
4 under this section pursuant to rules adopted under subsection (4) of this section.

5 (3) A producer filing a challenge under this section has the burden of proving the total  
6 dollar value received by the producer during the assessment period. If the producer is also  
7 licensed as a handler or processor, the producer also has the burden of proving the prices  
8 paid to the producer are equivalent to prices paid in arm's-length transactions. The com-  
9 mission shall refund the amount of the assessment that the producer proves is in excess of  
10 the total dollar value received by the producer for the hemp during the assessment period  
11 multiplied by the maximum lawful assessment percentage.

12 (4)(a) The department shall adopt rules to carry out this section. Rules adopted under  
13 this paragraph must include, but need not be limited to, procedures for filing, processing and  
14 formal or informal resolution of challenges and for determining hemp prices paid in arm's-  
15 length transactions.

16 (b) The commission shall adopt rules establishing assessment periods and may adopt  
17 other rules as necessary and that do not conflict with the rules adopted by the department  
18 under this subsection.

19 **SECTION 26.** (1) Moneys a person collects or receives from the assessment levied pur-  
20 suant to section 18 of this 2019 Act, and other moneys the Oregon Hemp Commission re-  
21 ceives, must be paid to the authorized agent of the commission and promptly deposited into  
22 an account established by the commission in a depository, as defined in ORS 295.001, that is  
23 insured by the Federal Deposit Insurance Corporation or the National Credit Union Share  
24 Insurance Fund.

25 (a) In a manner consistent with the requirements of ORS 295.001 to 295.108, the chair-  
26 person, vice chairperson and secretary-treasurer for the commission shall ensure that suf-  
27 ficient collateral secures any amount of funds on deposit that exceeds the coverage limits  
28 established by the Federal Deposit Insurance Corporation or the National Credit Union Share  
29 Insurance Fund.

30 (b) All moneys in the account are continuously appropriated to the commission for the  
31 purposes of carrying out the commission's duties, functions and powers.

32 (2) Moneys may not be withdrawn from or paid out of the account except upon order of  
33 the commission, and upon checks or other orders upon accounts signed by the secretary-  
34 treasurer or other member of the commission that the commission designates and counter-  
35 signed by another member, officer or employee of the commission that the commission  
36 designates. The commission shall keep a receipt, voucher or other written record showing  
37 clearly the nature and items covered by each check or other order.

38 (3) Subject to approval by the Director of Agriculture, the commission may invest mon-  
39 eys the commission collects or receives. Investments the commission makes are:

40 (a) Limited to investments described in ORS 294.035;

41 (b) Subject to the investments maturity date limitations described in ORS 294.135; and

42 (c) Subject to the conduct prohibitions listed in ORS 294.145.

43 (4) Interest earned from any moneys the commission invests under subsection (3) of this  
44 section is available to the commission in a manner consistent with the commission's annual  
45 budget.

1 (5) In addition to, or in lieu of, investments described in subsection (3) of this section,  
2 the commission may invest in the investment pool described in ORS 294.805. For purposes  
3 of ORS 294.805 to 294.895, the commission is a public corporation and the secretary-treasurer  
4 of the commission is the local government official.

5 **SECTION 27.** (1) A person authorized by the Oregon Hemp Commission to receive or  
6 disburse moneys under sections 1 to 36 of this 2019 Act shall obtain a fidelity bond from the  
7 Oregon Department of Administrative Services.

8 (2) The bond must be in an amount equal to the maximum amount of moneys that the  
9 commission determines the person may control. The commission may establish conditions  
10 on the person's control of moneys under this section.

11 (3) The commission shall pay the cost of the bond.

12 (4) If the person is an employee of the commission, the department shall purchase the  
13 bond and the commission shall pay the cost of the bond.

14 **SECTION 28.** The Oregon Hemp Commission may cancel an uncollectible assessment  
15 consistent with ORS 293.240. Subsequent collection of debt written off under ORS 293.240 is  
16 governed by ORS 293.245.

17 **SECTION 29.** The Oregon Hemp Commission shall maintain accurate books, records and  
18 accounts of its dealings. The books, records and accounts of the commission must be open  
19 to inspection and audit by the Secretary of State.

20 **SECTION 30.** (1) The Oregon Hemp Commission shall adopt an annual budget, using  
21 classifications of expenditures and revenues required by ORS 291.206. The budget described  
22 in this subsection is not subject to review by the Legislative Assembly or to future modifi-  
23 cation by the Emergency Board or the Legislative Assembly.

24 (2)(a) The commission shall follow generally accepted accounting principles and keep fi-  
25 nancial and statistical information as necessary to completely and accurately disclose the  
26 financial operations of the commission as required by the Secretary of State.

27 (b) The budget must show:

28 (A) The estimated receipts and expenditures by or under the authority of the commission  
29 under sections 1 to 36 of this 2019 Act for the fiscal year for which the budget is adopted;  
30 and

31 (B) The actual receipts and expenditures by or under the authority of the commission for  
32 the fiscal year preceding the fiscal year in which the proposed budget is prepared, and the  
33 estimated receipts and expenditures by or under the authority of the commission for the  
34 fiscal year in which the budget is prepared.

35 (3) Estimated receipts and expenditures for the fiscal year for which the budget is  
36 adopted must be fully itemized and be prepared and arranged clearly to show each item of  
37 receipts and expenditures. To the extent practicable, the items of receipts and expenditures  
38 must be arranged under major groups or categories that are the same as the most recent  
39 classifications of revenue and expenditures established pursuant to ORS 291.206.

40 (4) The budget must contain only one estimate for emergency or other expenditures that  
41 are unforeseen at the time the budget is prepared.

42 (5)(a) The commission shall call and hold at least one public meeting on the proposed  
43 budget. The commission shall, in determining the time and place of the meeting, consider the  
44 convenience of the majority of the producers licensed by the commission.

45 (b) At a meeting described in this subsection, any person has the right to be heard with

1 respect to the proposed budget.

2 (6) At least 14 days prior to the date of a meeting described in subsection (5) of this  
3 section, the commission shall publish notice at least once in a newspaper of general circu-  
4 lation in this state. The notice must include the purpose, time and place of the meeting and  
5 state that a copy of the proposed budget is available for public inspection at the place of  
6 business of the commission or other location.

7 (7)(a) After a budget has been adopted, the commission shall submit to the Director of  
8 Agriculture a copy of the budget and an affidavit setting forth the pertinent facts relating  
9 to the preparation and adoption of the budget. The director shall examine the budget and  
10 affidavit within 30 days of their receipt.

11 (b) If the director determines that the estimated receipts and expenditures conform with  
12 the authority of the commission and other requirements, and the facts set forth in the affi-  
13 davit indicate the budget was lawfully prepared and adopted, the director shall certify those  
14 determinations on the copy of the budget and make the budget final.

15 (c) If the director determines that the budget fails to meet requirements, the director  
16 shall immediately notify the commission of the failures. The commission shall promptly take  
17 all practicable measures to remedy the failures and resubmit a copy of the budget to the  
18 director.

19 (d) The director shall retain the certified copy of the final budget and make the budget  
20 available for public inspection during normal business hours of the State Department of Ag-  
21 riculture.

22 (8) The commission shall:

23 (a) Prepare an annual financial statement of commission revenues and expenses and  
24 make the statement available for public review;

25 (b) Provide a copy of the annual financial statement and other required reports to the  
26 department not later than 20 days after the end of the fiscal year; and

27 (c) Upon request of the Secretary of State, provide a copy of the statement to the sec-  
28 retary.

29 SECTION 31. An expenditure of moneys for a fiscal year may not be made or incurred  
30 by or under the authority of the Oregon Hemp Commission under sections 1 to 36 of this 2019  
31 Act unless the commission complies with section 30 of this 2019 Act.

32 SECTION 32. (1) Except as otherwise provided in subsection (2) of this section, an ex-  
33 penditure of moneys for a fiscal year may not be made or incurred by or under the authority  
34 of the Oregon Hemp Commission under sections 1 to 36 of this 2019 Act:

35 (a) In excess of the total amount of expenditures estimated for the fiscal year in the  
36 budget adopted for the fiscal year or in excess of the total amount of expenditures estimated  
37 for any major category in the budget adopted for the fiscal year.

38 (b) For any purpose different than that indicated by the major category in the budget  
39 adopted for the fiscal year.

40 (2) An expenditure of moneys for a fiscal year unforeseen at the time the budget is pre-  
41 pared may not be made or incurred by or under the authority of the commission under  
42 sections 1 to 36 of this 2019 Act in excess of the amount of unforeseen expenditures esti-  
43 mated as provided in section 30 of this 2019 Act.

44 SECTION 33. (1) Subject to section 32 (2) of this 2019 Act, expenditures of moneys for a  
45 fiscal year unforeseen at the time the Oregon Hemp Commission budget is prepared may be

1 made or incurred by order of the commission. When an unforeseen expenditure of moneys  
2 occurs in a fiscal year, the commissioners must approve a motion for an order of a fund  
3 transfer. The motion must include:

4 (a) The amount and purpose of the expenditure and why the expenditure was unforeseen;

5 (b) A request for the certification by the Director of Agriculture of the order;

6 (c) The specific major category of the budget to which the specific funds are to be allo-  
7 cated; and

8 (d) The specific major category of the budget from which the funds are to be transferred.

9 (2) At least one copy of the order for the fund transfer must be filed in the office of the  
10 commission and made available for public inspection during normal business hours of the  
11 commission.

12 (3) The commission shall send the request for certification of the order for the fund  
13 transfer to the director. The director shall:

14 (a) Examine the request, the commission's most recent financial statement, the minutes  
15 of the meeting at which the commissioners approved the motion to request the order and  
16 the budget to which the order relates.

17 (b) Certify the order if the director determines that the form of the order is in accord-  
18 ance with the law, that the facts set forth in the order and the budget to which the order  
19 relates indicate that the order is in accordance with the law and that the proposed unfore-  
20 seen expenditure is appropriate to accomplish the goals and needs of the commission.

21 (c) Immediately notify the commission if the director determines that the order is de-  
22 fective because:

23 (A) Of a failure to comply with section 30 of this 2019 Act;

24 (B) The final budget or the preparation or adoption of the final budget is defective; or

25 (C) The estimated expenditures do not conform with statutory requirements.

26 (4) If the director finds that the order is defective, the commission shall promptly take  
27 all practicable steps to remedy the defects.

28 (5) After certifying an order under this section, the director shall retain the certified  
29 copy of the order and make the copy available for public inspection during normal business  
30 hours of the State Department of Agriculture.

31 **SECTION 34.** (1) Unless the Legislative Assembly orders a refund pursuant to subsection  
32 (2) of this section, if the Legislative Assembly abolishes the Oregon Hemp Commission, any  
33 moneys remaining in the possession of the abolished commission on the effective date of the  
34 abolishment are transferred to Oregon State University and are continuously appropriated  
35 to the university for research benefitting producers.

36 (2) The Legislative Assembly may order in an Act dissolving the commission that any  
37 moneys remaining in the possession of the abolished commission on the effective date of the  
38 abolishment be refunded on a proportional basis to the persons who paid assessments to the  
39 commission during the assessment year in which the commission was abolished.

40 **SECTION 35.** Any sale of hemp by a producer or handler is a sale in commercial channels  
41 for the purposes of section 36 of this 2019 Act.

42 **SECTION 36.** Violation of any provision of sections 1 to 36 of this 2019 Act is a Class C  
43 misdemeanor.

44 **SECTION 37.** Sections 1 to 36 of this 2019 Act apply to hemp produced, processed, deliv-  
45 ered, transferred or sold on and after the operative date of this 2019 Act.

1 **SECTION 38.** (1) Sections 1 to 36 of this 2019 Act become operative on January 1, 2020.

2 (2) The Director of Agriculture, the State Department of Agriculture, the Oregon De-  
3 partment of Justice and the Oregon Department of Administrative Services may take any  
4 action before the operative date specified in subsection (1) of this section that is necessary  
5 to enable the director and the departments to exercise, on and after the operative date  
6 specified in subsection (1) of this section, all of the duties, functions and powers conferred  
7 on the director and the departments by sections 1 to 36 of this 2019 Act.

8  
9 **OREGON HEMP PROGRAM**

10  
11 **SECTION 39.** Section 2, chapter 116, Oregon Laws 2018, is amended to read:

12 **Sec. 2.** ORS 571.300 to 571.348 shall be known and may be cited as the [*Oregon Industrial Hemp*  
13 *Agricultural Pilot Program and Research Act*] **Oregon Hemp Program Act.**

14 **SECTION 40.** Section 3, chapter 116, Oregon Laws 2018, is amended to read:

15 **Sec. 3.** The State Department of Agriculture shall administer [*an Oregon Industrial Hemp Ag-*  
16 *ricultural Pilot Program*] **the Oregon Hemp Program** for the purpose of [*studying the growth, cul-*  
17 *tivation and marketing of industrial hemp in this state*] **commercial production and sale of hemp.**  
18 In carrying out the program, the department:

19 (1) Shall administer ORS 571.300 to 571.348;

20 (2) **Shall develop a state hemp plan to regulate hemp as an agricultural commodity in**  
21 **compliance with the Agricultural Improvement Act of 2018 (P.L. 115-334) and subsequent**  
22 **federal law;**

23 [(2)] (3) Shall adopt by rule any **enforcement, licensing, registration,** record keeping and re-  
24 porting requirements necessary to administer the program **in compliance with the Agricultural**  
25 **Improvement Act of 2018 (P.L. 115-334) and subsequent federal law;**

26 [(3)] (4) May purchase, possess, seize or dispose of [*industrial*] hemp **or** products or commodities  
27 **produced from hemp** as the department deems necessary to enforce and ensure compliance with  
28 ORS 571.300 to 571.348 or department rules relating to ORS 571.300 to 571.348; and

29 [(4)] (5) May exercise any other power or perform any other function necessary to administer  
30 the program.

31 **SECTION 41.** Section 7, chapter 116, Oregon Laws 2018, is amended to read:

32 **Sec. 7.** (1) For purposes of ORS 633.511 to 633.750, agricultural hemp seed is an agricultural  
33 seed or a flower seed, as those terms are defined in ORS 633.511.

34 (2) The Director of Agriculture, or the director’s agent, and the Dean of the College of Agri-  
35 cultural Sciences of Oregon State University, or the dean’s agent, shall establish a program for the  
36 labeling and certification of agricultural hemp seed. For purposes of the program:

37 (a) The director and the dean shall perform their respective duties under ORS 633.511 to 633.750  
38 with respect to agricultural hemp seed in the same manner that the director and dean perform their  
39 respective duties under ORS 633.511 to 633.750 with respect to other agricultural seed or flower  
40 seed, including but not limited to those duties related to labeling, testing and certifying seeds; and

41 (b) The director and the dean shall exercise their respective functions and powers under ORS  
42 633.511 to 633.750 with respect to agricultural hemp seed in the same manner that the director and  
43 dean exercise their respective functions and powers under ORS 633.511 to 633.750 with respect to  
44 other agricultural seed or flower seed, including but not limited to inspecting and sampling seeds  
45 and making rules and regulations under ORS 633.680.



1 (3) Notwithstanding subsections (1) and (2) of this section, if the director in consultation with  
 2 the dean determines that a specific provision of ORS 633.511 to 633.750, or a specific rule or regu-  
 3 lation made under ORS 633.511 to 633.750, that applies to other agricultural seed or flower seed is  
 4 inadequate or not suitable for the regulation of agricultural hemp seed, the director may by rule  
 5 exempt agricultural hemp seed from the provision, rule or regulation and make rules providing more  
 6 adequate or suitable regulation of agricultural hemp seed.

7 (4)(a) The director and the dean shall collaborate with growers [*registered*] **licensed** under ORS  
 8 571.305 in performing their respective duties and exercising their respective functions and powers  
 9 under ORS 633.511 to 633.750 with respect to agricultural hemp seed.

10 (b) The director and the dean may collaborate with growers [*registered*] **licensed** under ORS  
 11 571.305 and other stakeholders to develop a heritage agricultural hemp seed for this state.

12 (5) The director and the dean may collaborate with entities authorized to certify seeds under the  
 13 laws of other states in performing their respective duties and exercising their respective functions  
 14 and powers under ORS 633.511 to 633.750 with respect to agricultural hemp seed.

15 (6) A grower [*registered*] **licensed** under ORS 571.305 is not required, for purposes related to  
 16 growing [*industrial*] hemp, to use an agricultural hemp seed variety certified under the program  
 17 described in this section.

18 (7) The State Department of Agriculture may establish by rule waivers to, or exemptions from,  
 19 tests that would otherwise be conducted to determine a crop's average **delta-9** tetrahydrocannabinol  
 20 concentration for crops planted with agricultural hemp seed varieties certified pursuant to the pro-  
 21 gram described in this section.

22 **SECTION 42.** Section 9, chapter 116, Oregon Laws 2018, is amended to read:

23 **Sec. 9.** (1) The State Department of Agriculture may by rule or order establish a process pro-  
 24 viding for the remediation of a violation of ORS 571.330 or 571.333 that is committed by a grower  
 25 or handler [*registered*] **licensed** under ORS 571.305 and is not committed intentionally.

26 (2) **Subject to federal authorization and rules adopted by the department, if the results**  
 27 **of the test of a hemp crop indicate that the crop has a higher average delta-9**  
 28 **tetrahydrocannabinol concentration than that defined by federal law, the grower shall**  
 29 **promptly dispose of the crop as follows:**

30 (a) **By harvesting and transferring or selling for processing for use as fiber or any other**  
 31 **lawful purpose denuded hemp stalks.**

32 (b) **By harvesting and transferring or selling for processing for use in products hemp seed**  
 33 **in a manner that renders the hemp seed incapable of germination, provided the hemp seed**  
 34 **is sourced from hemp grown with seed certified pursuant to a seed certification program**  
 35 **administered or recognized by the department.**

36 (c) **Hemp plant material not disposed of pursuant to paragraphs (a) and (b) of this sub-**  
 37 **section must be destroyed or used on site in a manner approved of and verified by the de-**  
 38 **partment and may not be added to or processed into any consumable product.**

39 **SECTION 43.** Section 10, chapter 116, Oregon Laws 2018, is amended to read:

40 **Sec. 10.** The State Department of Agriculture may charge growers and handlers [*registered*] **li-**  
 41 **censed** under ORS 571.305 fees reasonably calculated by the department to pay the cost of sampling  
 42 or testing [*industrial*] hemp or [*industrial hemp*] commodities or products **produced from hemp** un-  
 43 der ORS 571.330 and 571.333. Moneys from fees charged under this section shall be deposited in the  
 44 [*Industrial*] Hemp Fund established under section 30 [*of this 2018 Act*], **chapter 116, Oregon Laws**  
 45 **2018.**

1        **SECTION 44.** Section 14, chapter 116, Oregon Laws 2018, is amended to read:

2        **Sec. 14.** (1) The Oregon Liquor Control Commission may purchase, possess, seize or dispose of  
3        [*industrial hemp products or*] **hemp or commodities or products produced from hemp that are**  
4        located on a premises licensed under ORS 475B.070, 475B.090, 475B.100, 475B.105 or 475B.560 or  
5        other area under the control of the premises licensee as the commission deems necessary to enforce  
6        and ensure compliance with:

7            (a) ORS 475B.010 to 475B.545, 475B.550 to 475B.590 or 475B.600 to 475B.655 or rules adopted by  
8        the commission relating to ORS 475B.010 to 475B.545, 475B.550 to 475B.590 or 475B.600 to 475B.655;  
9        or

10          (b) Any provision in ORS 571.300 to 571.348 or in rules adopted by the commission or State  
11        Department of Agriculture under ORS 571.300 to 571.348 that makes a requirement, restriction or  
12        other provision of ORS 475B.010 to 475B.545, 475B.550 to 475B.590 or 475B.600 to 475B.655 applica-  
13        ble to [*industrial*] hemp.

14          (2) If the commission purchases, possesses, seizes or disposes of [*industrial hemp products or*]  
15        **hemp or commodities or products produced from hemp** under this section to enforce or ensure  
16        compliance with a provision of ORS 571.300 to 571.348 or rule adopted by the department under ORS  
17        571.300 to 571.348 that makes a requirement, restriction or other provision of ORS 475B.010 to  
18        475B.545, 475B.550 to 475B.590 or 475B.600 to 475B.655 applicable to [*industrial*] hemp, the commis-  
19        sion shall notify the department of the commission action as soon as practicable.

20        **SECTION 45.** Section 15, chapter 116, Oregon Laws 2018, is amended to read:

21        **Sec. 15.** (1) As used in this section:

22            [(a) "*Consumption*" has the meaning given that term in ORS 571.330.]

23            [(b)] (a) "Processor" means a person licensed under ORS 475B.090.

24            [(c)] (b) "Retailer" means a person licensed under ORS 475B.105.

25            [(d)] (c) "Wholesaler" means a person licensed under ORS 475B.100.

26          (2) [*Except as provided in section 15a of this 2018 Act,*] A processor, retailer or wholesaler may  
27        purchase, receive, transfer, sell or transport [*industrial*] hemp, or [*an industrial hemp*] **a commodity**  
28        or product [*that contains cannabinoids and is intended for human consumption,*] **produced from**  
29        **hemp** only if:

30            (a) The processor, retailer or wholesaler received the hemp, commodity or product from a  
31        grower or handler [*registered*] **licensed** under ORS 571.305 or a processor;

32            (b) The grower, handler or processor under paragraph (a) of this subsection is registered by the  
33        Oregon Liquor Control Commission as provided under ORS 571.336; and

34            (c) The hemp, commodity or product meets the requirements for marijuana items under ORS  
35        475B.010 to 475B.545, 475B.550 to 475B.590 and 475B.600 to 475B.655 and rules adopted by the  
36        commission.

37          (3) A grower, handler or processor registered as described under ORS 571.336 (2)(a) shall enter  
38        hemp, **or a commodity or product** [*that contains cannabinoids, is intended for human consumption*]  
39        **produced from hemp** and is intended for transfer, sale or transport to a processor, retailer or  
40        wholesaler licensed under ORS 475B.010 to 475B.545 into the tracking system described in ORS  
41        475B.177 before the hemp, commodity or product is transferred to a laboratory described in ORS  
42        571.330 (2) for testing of a type described under ORS 475B.555. The commission shall continue to  
43        track the hemp, commodity or product entered into the system under this subsection when the hemp,  
44        commodity or product is transferred, sold or transported to a premises licensed under ORS 475B.010  
45        to 475B.545, or to other areas under the control of the premises licensee.

1 (4) The State Department of Agriculture shall adopt rules regarding the activities of growers  
2 and handlers under this section.

3 (5) The commission shall adopt rules regarding the activities of processors, retailers, wholesalers  
4 and laboratories under this section.

5 **SECTION 46.** Section 15a, chapter 116, Oregon Laws 2018, is amended to read:

6 **Sec. 15a.** (1) As used in this section:

7 (a) “Consumer” has the meaning given that term in ORS 475B.015.

8 (b) “Retailer” means a person licensed under ORS 475B.105.

9 (2) [Industrial] Hemp or products **produced from hemp** that contain more than 0.3 percent  
10 **delta-9** tetrahydrocannabinol may not be sold to a consumer by a person other than a retailer.

11 **(3) Subject to subsection (2) of this section, growers licensed under ORS 571.305, handlers**  
12 **licensed under ORS 571.305, subsequent manufacturers of hemp or commodities or products**  
13 **produced from hemp, processors licensed under ORS 475B.090, wholesalers licensed under**  
14 **ORS 475B.100 and retailers licensed under ORS 475B.105 may possess, process, receive,**  
15 **transfer or sell hemp and commodities or products produced from hemp that contain more**  
16 **than 0.3 percent delta-9 tetrahydrocannabinol concentration to handlers licensed under ORS**  
17 **571.305, subsequent manufacturers of hemp or products produced from hemp, processors li-**  
18 **censed under ORS 475B.090, wholesalers licensed under ORS 475B.100 or retailers licensed**  
19 **under ORS 475B.105.**

20 [(3)] (4) **The State Department of Agriculture and the Oregon Liquor Control Commission**  
21 **shall adopt rules establishing measures [the commission deems necessary for ensuring] to ensure**  
22 **compliance with this section.**

23 **SECTION 47.** Section 30, chapter 116, Oregon Laws 2018, is amended to read:

24 **Sec. 30.** There is established in the State Treasury, separate and distinct from the General  
25 Fund, the [Industrial] Hemp Fund. Interest earned by the fund shall be credited to the fund. The  
26 fund shall consist of all moneys credited to or deposited in the fund. Moneys in the fund are con-  
27 tinuously appropriated to the State Department of Agriculture for the purposes of implementing,  
28 administering and enforcing ORS 571.300 to 571.348.

29 **SECTION 48.** ORS 571.300, as amended by section 27, chapter 116, Oregon Laws 2018, is  
30 amended to read:

31 571.300. As used in ORS 571.300 to 571.348:

32 (1) “Agricultural hemp seed” means Cannabis seed:

33 (a) That is sold to or intended to be sold [to registered growers] for planting; or

34 (b) That remains in an unprocessed or partially processed condition that is capable of  
35 germination.

36 (2) “Crop” means [industrial] hemp grown under a single [registration] license.

37 (3) “Grower” means a person, joint venture or cooperative that produces industrial hemp.

38 (4) “Handler” means a person, joint venture [or], cooperative **or corporation** that receives [in-  
39 dustrial] hemp for processing into commodities, products or agricultural hemp seed.

40 (5) **“Hemp” means the plant Cannabis sativa L. and any part of that plant, including the**  
41 **seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts and salts of**  
42 **isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not**  
43 **more than 0.3 percent on a dry weight basis. The State Department of Agriculture may by**  
44 **rule adopt any higher average tetrahydrocannabinol concentration limit established in fed-**  
45 **eral law.**

1 [(5) “Industrial hemp”:]

2 [(a) Except as provided in this paragraph, means all nonseed parts and varieties of the Cannabis  
3 plant, whether growing or not, that contain an average tetrahydrocannabinol concentration that does  
4 not exceed 0.3 percent on a dry weight basis. The State Department of Agriculture, by rule, may adopt  
5 any higher average tetrahydrocannabinol concentration limit established in federal law.]

6 [(b) Means any Cannabis seed:]

7 [(A) That is part of a crop;]

8 [(B) That is retained by a grower for future planting;]

9 [(C) That is agricultural hemp seed;]

10 [(D) That is for processing into or for use as agricultural hemp seed; or]

11 [(E) That has been processed in a manner or to an extent that the Cannabis seed is incapable of  
12 germination.]

13 [(c) Does not mean industrial hemp commodities or products.]

14 [(6) “Industrial hemp concentrate” means an industrial hemp product obtained by separating  
15 cannabinoids from industrial hemp by:]

16 [(a) A mechanical process;]

17 [(b) A chemical extraction process using a nonhydrocarbon-based solvent, such as water, vegetable  
18 glycerin, vegetable oils, animal fats, isopropyl alcohol or ethanol;]

19 [(c) A chemical extraction process using carbon dioxide, provided that the process does not involve  
20 the use of high heat or pressure; or]

21 [(d) Any other process identified by the department by rule.]

22 [(7) (6) “[Industrial] Hemp extract” means [an industrial] a hemp product obtained by separating  
23 cannabinoids from [industrial] hemp by:

24 (a) A chemical extraction process using a hydrocarbon-based solvent, such as butane, hexane  
25 or propane; **or**

26 (b) A chemical extraction process using carbon dioxide, if the process uses high heat or  
27 pressure; *or*]

28 [(c) Any other process identified by the department by rule].

29 **(7) “Processor” has the meaning given the term “handler” in this section.**

30 **(8) “Producer” has the meaning given the term “grower” in this section.**

31 **SECTION 49.** ORS 571.303 is amended to read:

32 571.303. (1) [Industrial] Hemp is an agricultural product that is subject to regulation by the  
33 State Department of Agriculture.

34 (2) For purposes of ORS chapter 616, the department may not consider [industrial] hemp [*or in-*  
35 *dustrial hemp commodities or products*] to be an adulterant.

36 **SECTION 50.** ORS 571.305, as amended by section 28, chapter 116, Oregon Laws 2018, is  
37 amended to read:

38 571.305. (1) To grow or handle [industrial] hemp, a person must be [*registered with*] **licensed by**  
39 the State Department of Agriculture as a grower or handler.

40 (2)(a) Only a grower or handler [*registered*] **licensed** under this section may produce agricultural  
41 hemp seed. For a grower or handler to produce agricultural hemp seed, the grower or handler must  
42 be registered with the department as an agricultural hemp seed producer.

43 (b) Notwithstanding paragraph (a) of this subsection:

44 (A) A grower [*registered*] **licensed** under this section that retains agricultural hemp seed for the  
45 purpose of personally propagating [industrial] hemp in a subsequent year is not required to register

1 with the department as an agricultural hemp seed producer; and

2 (B) A grower or handler [*registered*] **licensed** under this section that produces Cannabis seeds  
3 that are incapable of germination, or a handler [*registered*] **licensed** under this section that pro-  
4 cesses Cannabis seeds that are incapable of germination into commodities or products, is not re-  
5 quired to register with the department as an agricultural hemp seed producer.

6 (3) An applicant for registration **or licensure** under this section must submit to the department,  
7 in a form and manner prescribed by the department, the following information:

8 (a) The name and address of the applicant;

9 (b) The name and address of the [*industrial*] hemp operation of the applicant; and

10 (c) Any other information required by the department by rule.

11 (4) Registration **or licensure** under this section is valid for a one-year term, beginning on Jan-  
12 uary 1. A grower, handler or agricultural hemp seed producer may renew a registration **or license**  
13 under this section in a form and manner prescribed by the department.

14 (5) A registration **or license** under this section is a personal privilege and is not transferable.

15 (6) A grower or handler registered **or licensed** under this section must keep records as required  
16 by the department by rule. Upon not less than three days' notice, the department may subject the  
17 records to inspection or audit during normal business hours. The department may make an in-  
18 spection or audit for the purpose of ensuring compliance with:

19 (a) A provision of ORS 571.300 to 571.348;

20 (b) A rule adopted under a provision of ORS 571.300 to 571.348; or

21 (c) An order issued by the department pursuant to a provision of ORS 571.300 to 571.348 or a  
22 rule adopted under a provision of ORS 571.300 to 571.348.

23 (7) In addition to any inspection conducted pursuant to ORS 561.275, the department may inspect  
24 any crop during the crop's growth phase and take a representative composite sample for field anal-  
25 ysis. **Subject to federal authorization and rules adopted by the department, the department**  
26 **may use homogenization methods in sampling and to ensure that a sample is representative.**  
27 If a crop contains an average **delta-9** tetrahydrocannabinol concentration exceeding 0.3 percent on  
28 a dry weight basis or a **delta-9** tetrahydrocannabinol concentration exceeding the concentration  
29 allowed under federal law, whichever is greater, the department may detain, seize or embargo the  
30 crop as provided under ORS 561.605 to 561.620, subject to any process established under section 9,  
31 chapter 116, Oregon Laws 2018.

32 (8) The department may charge growers, handlers and agricultural hemp seed producers appli-  
33 cation fees, **licensure and renewal of licensure fees**, registration and renewal of registration fees,  
34 administrative change fees and fees for other services in amounts reasonably calculated by the de-  
35 partment to pay the cost of administering ORS 571.300 to 571.348. Moneys from fees charged under  
36 this subsection shall be deposited in the [*Industrial*] Hemp Fund established under section 30,  
37 chapter 116, Oregon Laws 2018.

38 (9) The department may adopt rules establishing public health and safety standards and industry  
39 best practices for growers and handlers registered **or licensed** under this section.

40 **SECTION 51.** ORS 571.315 is amended to read:

41 571.315. (1) Subject to the provisions of ORS chapter 183, the State Department of Agriculture  
42 may revoke the **license or** registration of a grower, handler or agricultural hemp seed producer or  
43 refuse to **license or** register or renew the **license or** registration if a grower, handler or agricul-  
44 tural hemp seed producer violates:

45 (a) A provision of ORS 571.300 to 571.348;

1 (b) A rule adopted under a provision of ORS 571.300 to 571.348;

2 (c) An order issued by the department pursuant to a provision of ORS 571.300 to 571.348 or a  
3 rule adopted under a provision of ORS 571.300 to 571.348; or

4 (d) Any statutory law or department rule related to agricultural activities other than  
5 *[industrial]* hemp operations.

6 (2) The department may not discipline a grower, handler or agricultural hemp seed producer  
7 under this section on the basis that possessing, delivering *[and]*, manufacturing **or selling**  
8 *[industrial]* hemp are prohibited by federal law.

9 **SECTION 52.** ORS 571.318 is amended to read:

10 571.318. A grower *[registered]* **licensed** under ORS 571.305 may use any propagation method,  
11 including planting seeds or starts or the use of clones or cuttings, to produce *[industrial]* hemp.

12 **SECTION 53.** ORS 571.327 is amended to read:

13 571.327. (1) An agricultural hemp seed producer registered under ORS 571.305:

14 (a) Must sell agricultural hemp seed in a manner that complies with any standard established  
15 by the Director of Agriculture under ORS 633.511 to 633.750; and

16 (b) May sell agricultural hemp seed only if the agricultural hemp seed meets any packaging or  
17 labeling requirement, or any quality standard, adopted by the director under subsection (2) of this  
18 section.

19 (2) The director may adopt rules establishing packaging requirements, labeling requirements and  
20 quality standards for agricultural hemp seed.

21 (3) The State Department of Agriculture shall make available to growers *[registered]* **licensed**  
22 under ORS 571.305 information that identifies agricultural hemp seed producers registered under  
23 ORS 571.305 from whom the growers may purchase agricultural hemp seed.

24 **SECTION 54.** ORS 571.330, as amended by section 11, chapter 116, Oregon Laws 2018, is  
25 amended to read:

26 571.330. (1) For purposes of this section, “consumption” means to ingest[,] **or** inhale *[or topically*  
27 *apply to the skin or hair]*.

28 (2)(a) A laboratory licensed by the Oregon Liquor Control Commission under ORS 475B.560 and  
29 accredited by the Oregon Health Authority pursuant to ORS 475B.565 may test *[industrial]* hemp and  
30 *[industrial hemp]* commodities and products produced *[or processed by a grower, handler or agricul-*  
31 *tural hemp seed producer registered under ORS 571.305]* **from hemp**.

32 (b) An accredited independent testing laboratory that has been approved by the authority or the  
33 State Department of Agriculture may test *[industrial]* hemp and *[industrial hemp]* commodities and  
34 products produced *[or processed by a grower, handler or agricultural hemp seed producer registered*  
35 *under ORS 571.305]* **from hemp**.

36 (3) A *[grower or handler]* **person** may not sell or transfer *[an industrial hemp]* a commodity or  
37 product **produced from hemp if the commodity or product** *[that]* is intended for human con-  
38 sumption unless the commodity or product is tested by a laboratory described in subsection (2) of  
39 this section to ensure that the commodity or product meets the requirements adopted by the *[Oregon*  
40 *Health]* authority under ORS 475B.555 (1)(a) and (b) and (2) for testing marijuana items.

41 (4) **A person may not sell or transfer hemp or a commodity or product produced from**  
42 **hemp if the hemp, commodity or product is intended for human consumption by ingestion**  
43 **unless the hemp, commodity or product is processed in a facility licensed under ORS 616.695**  
44 **to 616.755.**

45 (5) **A person may not sell or transfer hemp, a hemp concentrate, hemp extract or com-**

1 **commodity or product produced from hemp to a consumer unless the hemp, hemp concentrate,**  
 2 **hemp extract or commodity or product is tested for potency pursuant to rules adopted by**  
 3 **the department under this section.**

4 [(4)] (6) For purposes of this section, the department shall adopt rules:

5 (a) Establishing protocols for the testing of [industrial] hemp **and** commodities and products  
 6 **produced from hemp;** and

7 (b) Establishing procedures for determining batch sizes and for sampling [industrial] hemp **and**  
 8 commodities and products **produced from hemp.**

9 [(5) This section does not apply to:]

10 [(a) Agricultural hemp seed;]

11 [(b) Seeds of the plant genus *Cannabis* within the plant family *Cannabaceae* that are incapable of  
 12 germination;]

13 [(c) Products derived from seeds described in paragraph (b) of this subsection; or]

14 [(d) Other parts of industrial hemp that the department identifies by rule as exempt.]

15 **(7) This section does not apply to parts of hemp or commodities or products produced**  
 16 **from hemp that the department exempts by rule.**

17 **SECTION 55.** ORS 571.333, as amended by section 12, chapter 116, Oregon Laws 2018, is  
 18 amended to read:

19 571.333. (1) The State Department of Agriculture may enter into an agreement with the Oregon  
 20 Health Authority for the purpose of developing standards for investigating and testing [an  
 21 industrial] a hemp crop to determine the average **delta-9** tetrahydrocannabinol concentration of the  
 22 crop.

23 (2) In accordance with standards developed under subsection (1) of this section, a laboratory  
 24 described in ORS 571.330 may test [an industrial] a hemp crop for the purpose of determining the  
 25 average **delta-9** tetrahydrocannabinol concentration of the crop. The laboratory must provide the  
 26 test results to the department in a form and manner prescribed by the department.

27 **SECTION 56.** ORS 571.336 is amended to read:

28 571.336. (1) As used in this section, “licensee,” “marijuana,” “marijuana item” and “marijuana  
 29 processor” have the meanings given those terms in ORS 475B.015.

30 (2) A grower [registered] **licensed** under ORS 571.305 may deliver [industrial] hemp, and a han-  
 31 dler [registered] **licensed** under ORS 571.305 may deliver [industrial] hemp concentrates and [indus-  
 32 trial] hemp extracts, to a marijuana processor that holds a license issued under ORS 475B.090, if:

33 (a) The grower or handler and the marijuana processor are registered with the Oregon Liquor  
 34 Control Commission, in a form and manner prescribed by the commission, for the purpose of pro-  
 35 cessing [industrial] hemp, [industrial] hemp concentrates and [industrial] hemp extracts;

36 (b) The marijuana processor is provided with the results of any test conducted on the  
 37 [industrial] hemp, [industrial] hemp concentrate or [industrial] hemp extract pursuant to ORS 571.300  
 38 to 571.348 as a condition of the marijuana processor’s receiving the [industrial] hemp, [industrial]  
 39 hemp concentrate or [industrial] hemp extract;

40 (c) The marijuana processor keeps the results of any test that the marijuana processor receives  
 41 pursuant to paragraph (b) of this subsection in a form and manner prescribed by the commission;

42 (d) The [industrial] hemp, [industrial] hemp concentrate or [industrial] hemp extract is tracked  
 43 using the system developed and maintained under ORS 475B.177 when the [industrial] hemp, [indus-  
 44 trial] hemp concentrate or [industrial] hemp extract is delivered to the premises of the marijuana  
 45 processor; and

1 (e) The grower or handler and the marijuana processor meet any other requirement established  
2 by the commission by rule.

3 (3) *[Industrial]* Hemp, *[industrial]* hemp concentrates and *[industrial]* hemp extracts may be pro-  
4 cessed by a marijuana processor registered under this section into any *[industrial hemp]* commodity  
5 or product or used by a marijuana processor registered under this section to supplement the pro-  
6 cessing of any marijuana item.

7 (4) An *[industrial]* hemp concentrate, *[industrial]* hemp extract, *[industrial hemp]* commodity or  
8 product or marijuana item processed pursuant to this section may be delivered by a marijuana  
9 processor registered under this section to a licensee as described in ORS 475B.206, provided that the  
10 *[industrial]* hemp concentrate, *[industrial]* hemp extract, *[industrial hemp]* commodity or product or  
11 marijuana item meets any applicable requirement for marijuana items set forth in ORS 475B.010 to  
12 475B.545, 475B.550 to 475B.590 and 475B.600 to 475B.655 and rules adopted under ORS 475B.010 to  
13 475B.545, 475B.550 to 475B.590 and 475B.600 to 475B.655.

14 (5) The commission may impose an annual fee reasonably calculated to not exceed the cost of  
15 administering this section on growers registered under this section, handlers registered under this  
16 section and marijuana processors registered under this section. Fees collected under this section  
17 shall be deposited in the Marijuana Control and Regulation Fund established under ORS 475B.296.  
18 Moneys deposited in the fund pursuant to this subsection are continuously appropriated to the  
19 commission for the purpose of administering this section.

20 **SECTION 57.** ORS 571.348, as amended by section 31, chapter 116, Oregon Laws 2018, is  
21 amended to read:

22 571.348. (1) Subject to the provisions of ORS chapter 183, the State Department of Agriculture  
23 may impose a civil penalty not to exceed \$2,500 on a person for violating:

24 (a) A provision of ORS 571.300 to 571.348;

25 (b) A rule adopted under a provision of ORS 571.300 to 571.348; *[or]*

26 (c) An order issued by the department pursuant to a provision of ORS 571.300 to 571.348 or a  
27 rule adopted under a provision of ORS 571.300 to 571.348[.]; **or**

28 **(d) Any requirements established by the United States Department of Agriculture in**  
29 **compliance with the Agriculture Improvement Act of 2018 (P.L. 115-334), or subsequent fed-**  
30 **eral law.**

31 (2) The *[department]* **State Department of Agriculture** may not discipline a person under this  
32 section on the basis that possessing, delivering *[and]*, manufacturing **or selling** *[industrial]* hemp are  
33 prohibited by federal law.

34 (3) All moneys collected by the *[department]* **State Department of Agriculture** under this sec-  
35 tion shall be deposited in the General Fund in the State Treasury to the credit of the *[Industrial]*  
36 Hemp Fund established under section 30, chapter 116, Oregon Laws 2018.

37 **SECTION 58. A grower or handler registered under ORS 571.305 that meets the require-**  
38 **ments for renewal of the registration shall be issued a license under ORS 571.305 to grow or**  
39 **handle hemp on the date on which the grower or handler registration is due for renewal.**

40 **SECTION 59. (1) The amendments to ORS 571.300, 571.303, 571.305, 571.315, 571.318,**  
41 **571.327, 571.330, 571.333, 571.336 and 571.348 and sections 2, 3, 7, 9, 10, 14, 15, 15a and 30,**  
42 **chapter 116, Oregon Laws 2018, by sections 39 to 57 of this 2019 Act become operative on**  
43 **January 1, 2020.**

44 **(2) The Oregon Health Authority, the Oregon Liquor Control Commission and the State**  
45 **Department of Agriculture may take any action before the operative date specified in sub-**



1 **section (1) of this section that is necessary to enable the authority, the commission and the**  
2 **department to exercise, on and after the operative date specified in subsection (1) of this**  
3 **section, all of the duties, functions and powers conferred on the authority, the commission**  
4 **and the department by the amendments to ORS 571.300, 571.303, 571.305, 571.315, 571.318,**  
5 **571.327, 571.330, 571.333, 571.336 and 571.348 and sections 2, 3, 7, 9, 10, 14, 15, 15a and 30,**  
6 **chapter 116, Oregon Laws 2018, by sections 39 to 57 of this 2019 Act.**

7  
8 **CONFORMING AMENDMENTS**

9  
10 **SECTION 60.** ORS 475B.015 is amended to read:

11 475B.015. As used in ORS 475B.010 to 475B.545:

12 (1) "Cannabinoid" means any of the chemical compounds that are the active constituents of  
13 marijuana.

14 (2) "Cannabinoid concentrate" means a substance obtained by separating cannabinoids from  
15 marijuana by:

16 (a) A mechanical extraction process;

17 (b) A chemical extraction process using a nonhydrocarbon-based solvent, such as water, vege-  
18 table glycerin, vegetable oils, animal fats, isopropyl alcohol or ethanol;

19 (c) A chemical extraction process using carbon dioxide, provided that the process does not in-  
20 volve the use of high heat or pressure; or

21 (d) Any other process identified by the Oregon Liquor Control Commission, in consultation with  
22 the Oregon Health Authority, by rule.

23 (3) "Cannabinoid edible" means food or potable liquid into which a cannabinoid concentrate,  
24 cannabinoid extract or dried marijuana leaves or flowers have been incorporated.

25 (4) "Cannabinoid extract" means a substance obtained by separating cannabinoids from  
26 marijuana by:

27 (a) A chemical extraction process using a hydrocarbon-based solvent, such as butane, hexane  
28 or propane;

29 (b) A chemical extraction process using carbon dioxide, if the process uses high heat or pres-  
30 sure; or

31 (c) Any other process identified by the commission, in consultation with the authority, by rule.

32 (5)(a) "Cannabinoid product" means a cannabinoid edible and any other product intended for  
33 human consumption or use, including a product intended to be applied to the skin or hair, that  
34 contains cannabinoids or dried marijuana leaves or flowers.

35 (b) "Cannabinoid product" does not include:

36 (A) Usable marijuana by itself;

37 (B) A cannabinoid concentrate by itself;

38 (C) A cannabinoid extract by itself; or

39 (D) [Industrial] Hemp, as defined in ORS 571.300.

40 (6) "Consumer" means a person who purchases, acquires, owns, holds or uses marijuana items  
41 other than for the purpose of resale.

42 (7) "Deliver" means the actual, constructive or attempted transfer from one person to another  
43 of a marijuana item, whether or not there is an agency relationship.

44 (8) "Designated primary caregiver" has the meaning given that term in ORS 475B.791.

45 (9)(a) "Financial consideration" means value that is given or received either directly or indi-

1 rectly through sales, barter, trade, fees, charges, dues, contributions or donations.

2 (b) "Financial consideration" does not include marijuana, cannabinoid products or cannabinoid  
3 concentrates that are delivered within the scope of and in compliance with ORS 475B.301.

4 (10) "Homegrown" means grown by a person 21 years of age or older for noncommercial pur-  
5 poses.

6 (11) "Household" means a housing unit and any place in or around a housing unit at which the  
7 occupants of the housing unit are producing, processing, possessing or storing homegrown  
8 marijuana, cannabinoid products, cannabinoid concentrates or cannabinoid extracts.

9 (12) "Housing unit" means a house, an apartment or a mobile home, or a group of rooms or a  
10 single room that is occupied as separate living quarters, in which the occupants live and eat sepa-  
11 rately from any other persons in the building and that has direct access from the outside of the  
12 building or through a common hall.

13 (13) "Immature marijuana plant" means a marijuana plant that is not flowering.

14 (14) "Licensee" means a person that holds a license issued under ORS 475B.070, 475B.090,  
15 475B.100 or 475B.105.

16 (15) "Licensee representative" means an owner, director, officer, manager, employee, agent or  
17 other representative of a licensee, to the extent that the person acts in a representative capacity.

18 (16)(a) "Manufacture" means producing, propagating, preparing, compounding, converting or  
19 processing a marijuana item, either directly or indirectly, by extracting from substances of natural  
20 origin.

21 (b) "Manufacture" includes any packaging or repackaging of a marijuana item or the labeling  
22 or relabeling of a container containing a marijuana item.

23 (17)(a) "Marijuana" means the plant Cannabis family Cannabaceae, any part of the plant  
24 Cannabis family Cannabaceae and marijuana seeds.

25 (b) "Marijuana" does not include [*industrial*] hemp, as defined in ORS 571.300.

26 (18) "Marijuana flowers" means the flowers of the plant genus Cannabis within the plant family  
27 Cannabaceae.

28 (19) "Marijuana items" means marijuana, cannabinoid products, cannabinoid concentrates and  
29 cannabinoid extracts.

30 (20) "Marijuana leaves" means the leaves of the plant genus Cannabis within the plant family  
31 Cannabaceae.

32 (21) "Marijuana processor" means a person that processes marijuana items in this state.

33 (22) "Marijuana producer" means a person that produces marijuana in this state.

34 (23) "Marijuana retailer" means a person that sells marijuana items to a consumer in this state.

35 (24)(a) "Marijuana seeds" means the seeds of the plant Cannabis family Cannabaceae.

36 (b) "Marijuana seeds" does not include the seeds of [*industrial*] hemp, as defined in ORS 571.300.

37 (25) "Marijuana wholesaler" means a person that purchases marijuana items in this state for  
38 resale to a person other than a consumer.

39 (26) "Mature marijuana plant" means a marijuana plant that is not an immature marijuana  
40 plant.

41 (27) "Medical grade cannabinoid product, cannabinoid concentrate or cannabinoid extract"  
42 means a cannabinoid product, cannabinoid concentrate or cannabinoid extract that has a concen-  
43 tration of tetrahydrocannabinol that is permitted under ORS 475B.625 in a single serving of the  
44 cannabinoid product, cannabinoid concentrate or cannabinoid extract for consumers who hold a  
45 valid registry identification card issued under ORS 475B.797.

1 (28) “Medical purpose” means a purpose related to using usable marijuana, cannabinoid pro-  
2 ducts, cannabinoid concentrates or cannabinoid extracts to mitigate the symptoms or effects of a  
3 debilitating medical condition, as defined in ORS 475B.791.

4 (29) “Noncommercial” means not dependent or conditioned upon the provision or receipt of fi-  
5 nancial consideration.

6 (30)(a) “Premises” includes the following areas of a location licensed under ORS 475B.010 to  
7 475B.545:

8 (A) All public and private enclosed areas at the location that are used in the business operated  
9 at the location, including offices, kitchens, rest rooms and storerooms;

10 (B) All areas outside a building that the commission has specifically licensed for the processing,  
11 wholesale sale or retail sale of marijuana items; and

12 (C) For a location that the commission has specifically licensed for the production of marijuana  
13 outside a building, that portion of the location used to produce marijuana.

14 (b) “Premises” does not include a primary residence.

15 (31)(a) “Processes” means the processing, compounding or conversion of marijuana into  
16 cannabinoid products, cannabinoid concentrates or cannabinoid extracts.

17 (b) “Processes” does not include packaging or labeling.

18 (32)(a) “Produces” means the manufacture, planting, cultivation, growing or harvesting of  
19 marijuana.

20 (b) “Produces” does not include:

21 (A) The drying of marijuana by a marijuana processor, if the marijuana processor is not other-  
22 wise producing marijuana; or

23 (B) The cultivation and growing of an immature marijuana plant by a marijuana processor,  
24 marijuana wholesaler or marijuana retailer if the marijuana processor, marijuana wholesaler or  
25 marijuana retailer purchased or otherwise received the plant from a licensed marijuana producer.

26 (33) “Propagate” means to grow immature marijuana plants or to breed or produce marijuana  
27 seeds.

28 (34) “Public place” means a place to which the general public has access and includes, but is  
29 not limited to, hallways, lobbies and other parts of apartment houses and hotels not constituting  
30 rooms or apartments designed for actual residence, and highways, streets, schools, places of  
31 amusement, parks, playgrounds and areas used in connection with public passenger transportation.

32 (35) “Registry identification cardholder” has the meaning given that term in ORS 475B.791.

33 (36)(a) “Usable marijuana” means the dried leaves and flowers of marijuana.

34 (b) “Usable marijuana” does not include:

35 (A) Marijuana seeds;

36 (B) The stalks and roots of marijuana; or

37 (C) Waste material that is a by-product of producing or processing marijuana.

38 **SECTION 61.** ORS 475B.227, as amended by section 21, chapter 103, Oregon Laws 2018, is  
39 amended to read:

40 475B.227. (1) For purposes of this section:

41 (a) **“Consumer” means a person who purchases, acquires, owns, holds or uses marijuana**  
42 **items other than for the purpose of sale.**

43 (b) “Export” includes placing a marijuana item in any mode of transportation for hire, such as  
44 luggage, mail or parcel delivery, even if the transportation of the marijuana item is intercepted prior  
45 to the marijuana item leaving this state.

1        [(b)] (c) “Marijuana item” includes [*industrial*] hemp products [*and commodities*] that contain  
2 more than a 0.3 percent **delta-9** tetrahydrocannabinol **concentration and that are sold to a con-**  
3 **sumer.**

4        (2) **A person other than a marijuana retailer that holds a license issued under ORS**  
5 **475B.105 may not sell marijuana items to a consumer.**

6        [(2)] (3) A person may not import marijuana items into this state or export marijuana items from  
7 this state.

8        [(3)] (4) Except as provided in subsection [(4)] (5) of this section, a violation of this section is  
9 a Class B violation.

10        [(4)] (5) A violation of this section is a:

11        (a) Class A misdemeanor, if the importation or exportation:

12        (A) Is not for consideration and the person holds a license issued under ORS 475B.070, 475B.090,  
13 475B.100 or 475B.105; or

14        (B) Concerns an amount of marijuana items that exceeds the applicable maximum amount spec-  
15 ified in ORS 475B.337 (1)(a) to (f).

16        (b) Class C felony, if the importation or exportation:

17        (A) Is for consideration and the person holds a license issued under ORS 475B.070, 475B.090,  
18 475B.100 or 475B.105;

19        (B) Concerns an amount of marijuana items that exceeds 16 times the applicable maximum  
20 amount specified in ORS 475B.337 (1)(a) to (f); or

21        (C) Concerns a cannabinoid extract that was not purchased from a marijuana retailer that holds  
22 a license issued under ORS 475B.105.

23        **SECTION 62.** ORS 475B.311, as amended by section 22, chapter 116, Oregon Laws 2018, is  
24 amended to read:

25        475B.311. (1) A person other than a marijuana processor that holds a license issued under ORS  
26 475B.090 may not process cannabinoid extracts into a cannabinoid product.

27        (2) A person may not produce, process or store homemade [*industrial*] hemp extracts.

28        (3) Violation of this section is a Class A misdemeanor.

29        **SECTION 63.** ORS 475B.550 is amended to read:

30        475B.550. As used in ORS 475B.550 to 475B.590:

31        (1) “Cannabinoid” means any of the chemical compounds that are the active constituents of  
32 marijuana.

33        (2) “Cannabinoid concentrate or extract” means a substance obtained by separating  
34 cannabinoids from marijuana by a mechanical, chemical or other process.

35        (3) “Cannabinoid edible” means food or potable liquid into which a cannabinoid concentrate or  
36 extract or the dried leaves or flowers of marijuana have been incorporated.

37        (4)(a) “Cannabinoid product” means a cannabinoid edible or any other product intended for hu-  
38 man consumption or use, including a product intended to be applied to a person’s skin or hair, that  
39 contains cannabinoids or the dried leaves or flowers of marijuana.

40        (b) “Cannabinoid product” does not include:

41        (A) Usable marijuana by itself;

42        (B) A cannabinoid concentrate or extract by itself; or

43        (C) [*Industrial*] Hemp, as defined in ORS 571.300.

44        (5)(a) “Marijuana” means the plant Cannabis family Cannabaceae, any part of the plant  
45 Cannabis family Cannabaceae and the seeds of the plant Cannabis family Cannabaceae.

1 (b) "Marijuana" does not include [*industrial*] hemp, as defined in ORS 571.300.

2 (6) "Marijuana item" means marijuana, usable marijuana, a cannabinoid product or a  
3 cannabinoid concentrate or extract.

4 (7) "Processing" means the compounding or conversion of marijuana into cannabinoid products  
5 or cannabinoid concentrates or extracts.

6 (8) "Producing" means:

7 (a) Planting, cultivating, growing, trimming or harvesting marijuana; or

8 (b) Drying marijuana leaves and flowers.

9 (9)(a) "Usable marijuana" means the dried leaves and flowers of marijuana.

10 (b) "Usable marijuana" does not include:

11 (A) The seeds, stalks and roots of marijuana; or

12 (B) Waste material that is a by-product of producing or processing marijuana.

13 **SECTION 64.** ORS 475B.600 is amended to read:

14 475B.600. As used in ORS 475B.600 to 475B.655:

15 (1) "Cannabinoid" means any of the chemical compounds that are the active constituents of  
16 marijuana.

17 (2) "Cannabinoid concentrate or extract" means a substance obtained by separating  
18 cannabinoids from marijuana by a mechanical, chemical or other process.

19 (3) "Cannabinoid edible" means food or potable liquid into which a cannabinoid concentrate or  
20 extract or the dried leaves or flowers of marijuana have been incorporated.

21 (4)(a) "Cannabinoid product" means a cannabinoid edible or any other product intended for hu-  
22 man consumption or use, including a product intended to be applied to a person's skin or hair, that  
23 contains cannabinoids or the dried leaves or flowers of marijuana.

24 (b) "Cannabinoid product" does not include:

25 (A) Usable marijuana by itself;

26 (B) A cannabinoid concentrate or extract by itself; or

27 (C) [*Industrial*] Hemp, as defined in ORS 571.300.

28 (5)(a) "Marijuana" means the plant Cannabis family Cannabaceae, any part of the plant  
29 Cannabis family Cannabaceae and the seeds of the plant Cannabis family Cannabaceae.

30 (b) "Marijuana" does not include [*industrial*] hemp, as defined in ORS 571.300.

31 (6) "Marijuana item" means marijuana, usable marijuana, a cannabinoid product or a  
32 cannabinoid concentrate or extract.

33 (7) "Processing" means the compounding or conversion of marijuana into cannabinoid products  
34 or cannabinoid concentrates or extracts.

35 (8) "Producing" means:

36 (a) Planting, cultivating, growing, trimming or harvesting marijuana; or

37 (b) Drying marijuana leaves and flowers.

38 (9)(a) "Usable marijuana" means the dried leaves and flowers of marijuana.

39 (b) "Usable marijuana" does not include:

40 (A) The seeds, stalks and roots of marijuana; or

41 (B) Waste material that is a by-product of producing or processing marijuana.

42 **SECTION 65.** ORS 475B.791 is amended to read:

43 475B.791. As used in ORS 475B.785 to 475B.949:

44 (1) "Attending physician" means a physician licensed under ORS chapter 677 who has primary  
45 responsibility for the care and treatment of a person diagnosed with a debilitating medical condition.

1 (2) "Cannabinoid" means any of the chemical compounds that are the active constituents of  
2 marijuana.

3 (3) "Cannabinoid concentrate" means a substance obtained by separating cannabinoids from  
4 marijuana by:

5 (a) A mechanical extraction process;

6 (b) A chemical extraction process using a nonhydrocarbon-based solvent, such as vegetable  
7 glycerin, vegetable oils, animal fats, isopropyl alcohol or ethanol;

8 (c) A chemical extraction process using the hydrocarbon-based solvent carbon dioxide, provided  
9 that the process does not involve the use of high heat or pressure; or

10 (d) Any other process identified by the Oregon Health Authority, in consultation with the  
11 Oregon Liquor Control Commission, by rule.

12 (4) "Cannabinoid edible" means food or potable liquid into which a cannabinoid concentrate,  
13 cannabinoid extract or dried leaves or flowers of marijuana have been incorporated.

14 (5) "Cannabinoid extract" means a substance obtained by separating cannabinoids from  
15 marijuana by:

16 (a) A chemical extraction process using a hydrocarbon-based solvent, such as butane, hexane  
17 or propane;

18 (b) A chemical extraction process using the hydrocarbon-based solvent carbon dioxide, if the  
19 process uses high heat or pressure; or

20 (c) Any other process identified by the Oregon Health Authority, in consultation with the  
21 Oregon Liquor Control Commission, by rule.

22 (6) "Debilitating medical condition" means:

23 (a) Cancer, glaucoma, a degenerative or pervasive neurological condition, positive status for  
24 human immunodeficiency virus or acquired immune deficiency syndrome, or a side effect related to  
25 the treatment of those medical conditions;

26 (b) A medical condition or treatment for a medical condition that produces, for a specific pa-  
27 tient, one or more of the following:

28 (A) Cachexia;

29 (B) Severe pain;

30 (C) Severe nausea;

31 (D) Seizures, including seizures caused by epilepsy; or

32 (E) Persistent muscle spasms, including spasms caused by multiple sclerosis;

33 (c) Post-traumatic stress disorder; or

34 (d) Any other medical condition or side effect related to the treatment of a medical condition  
35 adopted by the Oregon Health Authority by rule or approved by the authority pursuant to a petition  
36 filed under ORS 475B.946.

37 (7)(a) "Delivery" has the meaning given that term in ORS 475.005.

38 (b) "Delivery" does not include transfer of marijuana by a registry identification cardholder to  
39 another registry identification cardholder if no consideration is paid for the transfer.

40 (8)(a) "Designated primary caregiver" means an individual:

41 (A) Who is 18 years of age or older;

42 (B) Who has significant responsibility for managing the well-being of a person who has been  
43 diagnosed with a debilitating medical condition; and

44 (C) Who is designated as the person responsible for managing the well-being of a person who  
45 has been diagnosed with a debilitating medical condition on that person's application for a registry

1 identification card or in other written notification submitted to the authority.

2 (b) “Designated primary caregiver” does not include a person’s attending physician.

3 (9) “High heat” means a temperature exceeding 180 degrees.

4 (10) “Immature marijuana plant” means a marijuana plant that is not flowering.

5 (11)(a) “Marijuana” means the plant Cannabis family Cannabaceae, any part of the plant  
6 Cannabis family Cannabaceae and the seeds of the plant Cannabis family Cannabaceae.

7 (b) “Marijuana” does not include [*industrial*] hemp, as defined in ORS 571.300.

8 (12) “Marijuana grow site” means a location registered under ORS 475B.810 where marijuana  
9 is produced for use by a registry identification cardholder.

10 (13) “Marijuana processing site” means a marijuana processing site registered under ORS  
11 475B.840 or a site for which an applicant has submitted an application for registration under ORS  
12 475B.840.

13 (14) “Mature marijuana plant” means a marijuana plant that is not an immature marijuana  
14 plant.

15 (15)(a) “Medical cannabinoid product” means a cannabinoid edible and any other product in-  
16 tended for human consumption or use, including a product intended to be applied to a person’s skin  
17 or hair, that contains cannabinoids or dried leaves or flowers of marijuana.

18 (b) “Medical cannabinoid product” does not include:

19 (A) Usable marijuana by itself;

20 (B) A cannabinoid concentrate by itself;

21 (C) A cannabinoid extract by itself; or

22 (D) [*Industrial*] Hemp, as defined in ORS 571.300.

23 (16) “Medical marijuana dispensary” means a medical marijuana dispensary registered under  
24 ORS 475B.858 or a site for which an applicant has submitted an application for registration under  
25 ORS 475B.858.

26 (17) “Medical use of marijuana” means the production, processing, possession, delivery or ad-  
27 ministration of marijuana, or use of paraphernalia used to administer marijuana, to mitigate the  
28 symptoms or effects of a debilitating medical condition.

29 (18) “Person designated to produce marijuana by a registry identification cardholder” means a  
30 person designated to produce marijuana by a registry identification cardholder under ORS 475B.810  
31 who produces marijuana for a registry identification cardholder at an address other than the address  
32 where the registry identification cardholder resides or at an address where more than 12 mature  
33 marijuana plants are produced.

34 (19) “Process” means the compounding or conversion of marijuana into medical cannabinoid  
35 products, cannabinoid concentrates or cannabinoid extracts.

36 (20) “Production” means:

37 (a) Planting, cultivating, growing, trimming or harvesting marijuana; or

38 (b) Drying marijuana leaves or flowers.

39 (21) “Registry identification card” means a document issued by the Oregon Health Authority  
40 under ORS 475B.797 that identifies a person authorized to engage in the medical use of marijuana  
41 and, if the person has a designated primary caregiver under ORS 475B.804, the person’s designated  
42 primary caregiver.

43 (22) “Registry identification cardholder” means a person to whom a registry identification card  
44 has been issued under ORS 475B.797.

45 (23)(a) “Usable marijuana” means the dried leaves and flowers of marijuana.

1 (b) “Usable marijuana” does not include:

2 (A) The seeds, stalks and roots of marijuana; or

3 (B) Waste material that is a by-product of producing marijuana.

4 (24) “Written documentation” means a statement signed by the attending physician of a person  
5 diagnosed with a debilitating medical condition or copies of the person’s relevant medical records.

6 **SECTION 66.** Section 19, chapter 103, Oregon Laws 2018, is amended to read:

7 **Sec. 19.** (1) As used in this section, “[*industrial*] hemp” has the meaning given that term in ORS  
8 571.300.

9 (2) [*An industrial hemp*] **A product or commodity that is produced from hemp and is** offered  
10 for sale by a marijuana retailer that holds a license issued under ORS 475B.105 must carry a label  
11 that clearly identifies whether the product or commodity is derived from hemp or marijuana.

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

14 **SECTION 67.** (1) **The amendments to ORS 475B.015, 475B.227, 475B.311, 475B.550, 475B.600**  
15 **and 475B.791 and section 19, chapter 103, Oregon Laws 2018, by sections 60 to 66 of this 2019**  
16 **Act become operative on January 1, 2020.**

17 (2) **The Oregon Health Authority and the Oregon Liquor Control Commission may take**  
18 **any action before the operative date specified in subsection (1) of this section that is neces-**  
19 **sary to enable the authority and the commission to exercise, on and after the operative date**  
20 **specified in subsection (1) of this section, all of the duties, functions and powers conferred**  
21 **on the authority and the commission by the amendments to ORS 475B.015, 475B.227, 475B.311,**  
22 **475B.550, 475B.600 and 475B.791 and section 19, chapter 103, Oregon Laws 2018, by sections**  
23 **60 to 66 of this 2019 Act.**

24  
25 **REPEALS**

26  
27 **SECTION 68.** ORS 571.339 and section 20, chapter 103, Oregon Laws 2018, are repealed.

28  
29 **UNIT CAPTIONS**

30  
31 **SECTION 69.** **The unit captions used in this 2019 Act are provided only for the conven-**  
32 **ience of the reader and do not become part of the statutory law of this state or express any**  
33 **legislative intent in the enactment of this 2019 Act.**

34  
35 **EFFECTIVE DATE**

36  
37 **SECTION 70.** **This 2019 Act takes effect on the 91st day after the date on which the 2019**  
38 **regular session of the Eightieth Legislative Assembly adjourns sine die.**