

HOUSE AMENDMENTS TO HOUSE BILL 2740

By COMMITTEE ON AGRICULTURE AND LAND USE

April 16

1 On page 1 of the printed bill, line 2, after “ORS” delete the rest of the line and delete line 3
2 and insert “475B.015, 475B.227, 475B.311, 475B.550, 475B.600, 475B.791, 571.300, 571.303, 571.305,
3 571.315, 571.318, 571.327, 571.330, 571.333, 571.336 and 571.348 and section 19, chapter 103, Oregon
4 Laws 2018, and sections 2, 3, 7, 9, 10, 14, 15, 15a and 30, chapter 116, Oregon Laws 2018; repealing
5 ORS 571.339 and section 20, chapter “103, Oregon Laws 2018; and prescribing an effective date.”.

6 Delete lines 5 through 30 and delete pages 2 and 3 and insert:

“OREGON HEMP COMMISSION

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

11 **“(1) ‘Fiscal year’:**

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

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

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

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

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

24 **“(5) ‘Producer’ means a person, joint venture, cooperative or corporation that produces**
25 **hemp.**

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

31 **“(a) The production, processing, manufacture and distribution of hemp and hemp pro-**
32 **ducts constitute a paramount industry of this state that not only provides substantial and**
33 **required revenues for the state and its political subdivisions, and employment and a means**
34 **of livelihood for many thousands of its population, but also provides essential foods, supple-**
35 **ments and other agricultural, commercial and industrial products that are vital to the public**

1 health and welfare.

2 “(b) The stabilization, maintenance and expansion of the hemp industry of Oregon, and
3 of the state, national and international markets for hemp products, are necessary to assure
4 the consuming public an adequate supply of foods and supplements that are indispensable in
5 a proper human diet, as well as other agricultural, commercial and industrial products to
6 protect, for the state and its political subdivisions, a necessary source of tax revenue, to
7 provide and maintain an adequate standard of living for a great segment of the population
8 of this state, to maintain proper wage scales for those engaged in the hemp industry and to
9 maintain existing employment.

10 “(c) The essential nature of hemp and hemp products in proper human nutrition and to
11 the maintenance of a high level of public health is such as to require that the public be made
12 aware of the essential nature of hemp and hemp products, and be protected against misrep-
13 resentation and deception, by the dissemination of accurate and scientific information about
14 the healthful qualities of hemp and hemp products, their various classifications, the food
15 values and industrial and therapeutic uses of hemp and hemp products, the methods, care
16 and precautions necessary to their proper production, processing, manufacture and distrib-
17 ution, the necessary costs and expenses of the production, processing, manufacture and dis-
18 tribution of hemp and hemp products and the necessity and desirability on the part of the
19 public of using and consuming hemp and hemp products of the highest standards of quality.

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

21 “(a) To enable the hemp industry, with the aid of the state, to develop, maintain and
22 expand the state, national and international markets for hemp and hemp products produced,
23 processed or manufactured in this state, and the use and consumption of hemp and hemp
24 products in the state, national and international markets.

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

31 “SECTION 3. (1) The State Department of Agriculture shall:

32 “(a) Monitor the methods and practices used or proposed by the Oregon Hemp Commis-
33 sion in carrying out the goals and meeting the needs disclosed by the budget of the com-
34 mission;

35 “(b) Promote cooperation among the Oregon Hemp Commission, the commodity com-
36 missions, the Oregon Beef Council and the Oregon Wheat Commission, and assist in the
37 interchange of information and experiences among those entities;

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

40 “(d) Review budgets submitted to the Director of Agriculture by the commission; and

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

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

1 “(a) Factual;

2 “(b) Not disparaging to agricultural commodities; and

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

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

9 “(2)(a) A majority of the temporary members must be producers.

10 “(b) A producer member appointed under this subsection must have produced hemp un-
11 der a license or registration issued by the Department of Agriculture for at least four years
12 prior to the member’s appointment.

13 “(c) At least one member must be a handler. A handler member appointed under this
14 subsection must have handled hemp under a license or registration issued by the department
15 for at least three years prior to the member’s appointment.

16 “(d) At least one member must be a member of the public who is not associated with the
17 production or handling of hemp.

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

20 “(a) Establishing the number and geographic representation of the commissioners;

21 “(b) Providing for the removal of commissioners;

22 “(c) Setting a stipend and per diem for the commissioners; and

23 “(d) Relating to the assessment rate and procedures described in sections 1 to 36 of this
24 2019 Act.

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

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

30 “(6) Except as provided in subsection (11) of this section, the director shall appoint the
31 commissioners to the commission in accordance with rules adopted under subsection (3) of
32 this section. In appointing the commissioners, the director shall consider any recommen-
33 dations by commodity commissions, producers and producer associations. The commissioners
34 appointed under this subsection may be the same as the temporary members appointed under
35 subsection (2) of this section. All commissioners must be citizens of the United States.

36 “(7)(a) All commissioners other than handlers and the members of the public must be
37 producers.

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

41 “(c) At least one commissioner must be a handler that has handled hemp under a license
42 or registration issued by the department for at least three years prior to the commissioner’s
43 appointment.

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

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

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

11 “(10) A temporary member of the commission and a commissioner are entitled to com-
12 pensation and expenses in the manner and amounts provided in ORS 292.495. Claims for
13 compensation earned and expenses incurred in performing the functions of the commission
14 shall be paid out of funds available to the commission.

15 “(11) The commission may amend the rules adopted by the temporary members under
16 subsection (3) of this section. A rule amendment adopted under this subsection applies to
17 commission appointments made after the effective date of the rule amendment.

18 “**SECTION 5.** The Director of Agriculture and the Dean of the College of Agricultural
19 Sciences of Oregon State University are ex officio nonvoting members of the Oregon Hemp
20 Commission.

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

24 “(1) The member is no longer actively engaged in hemp production or processing;

25 “(2) The member has become a resident of another state; or

26 “(3) The member is otherwise unable to perform the duties of the office.

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

29 “(a) At least 10 days before the date of a public hearing on the issue of removal of the
30 member, service on the member of:

31 “(A) A copy of the charges against the member; and

32 “(B) Notice of the time and place of the public hearing on the issue of removal; and

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

36 “(2) In the case of removal, the director shall file with the office of the Secretary of State
37 a complete statement of all charges against the member, and the findings on the charges,
38 along with a record of the entire removal proceedings.

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

44 “(2) Members, officers and employees of the commission must receive their actual and
45 necessary travel and other expenses incurred in the performance of their official duties.

1 Subject to any limitations described under ORS 292.495 (2), the commission shall adopt rules
2 governing the incurring and paying of the expenses described in this subsection.

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

7 **“(2) Notwithstanding subsection (1) of this section, the commission may participate in**
8 **meetings outside the state for the purposes of advancing the work of the commission.**

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

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

11 **“(1) Conduct scientific research to discover and develop the commercial value of hemp**
12 **and hemp products.**

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

16 **“(3) Study federal and state legislation with respect to tariffs, duties, reciprocal trade**
17 **agreements, import quotas and other matters concerning the effect of the legislation on the**
18 **hemp industry, and represent and protect the interests of the hemp industry with respect**
19 **to any legislation, proposed legislation or executive action that may affect the hemp indus-**
20 **try.**

21 **“(4) Act jointly and in cooperation with the federal government, or any federal agency,**
22 **in the administration of any program of the federal government or federal agency that the**
23 **commission determines is beneficial to the hemp industry in this state, and expend funds in**
24 **connection with the administration of a program described in this subsection, provided that**
25 **the program is compatible with the powers conferred on the commission by sections 1 to 36**
26 **of this 2019 Act.**

27 **“(5) Enter into contracts for advertising hemp and for developing new markets through**
28 **advertising.**

29 **“(6) Develop plans or projects for promotion and advertising research, consumer infor-**
30 **mation and industry information, and create programs that will lead to the development of**
31 **new markets, marketing strategies, increased efficiency and activities to enhance the image**
32 **of the hemp industry.**

33 **“(7) Appoint all subordinate officers and employees of the commission and establish their**
34 **duties and compensation.**

35 **“(8) Levy the assessments described in section 18 of this 2019 Act.**

36 **“(9) Borrow money in amounts that do not exceed estimated revenues from assessments**
37 **for the year.**

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

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

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

43 **“(13) Participate in federal and state hearings or other proceedings concerning regulation**
44 **of the manufacture, distribution, sale or use of pesticides as defined in ORS 634.006 or other**
45 **chemicals that are of use or potential use to producers. This subsection does not authorize**

1 the commission to regulate the use of pesticides.

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

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

7 “(a) Public relations programs;

8 “(b) Media relations programs;

9 “(c) Paid print, electronic and position advertising;

10 “(d) Point of sale promotion and coupon programs; and

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

13 “(16) Conduct and fund research, in addition to that described in subsection (1) of this
14 section, to:

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

16 “(b) Discover the benefits to public health, the environment or the economy of consum-
17 ing or otherwise using hemp;

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

20 “(d) Control or eradicate hazards to hemp, including but not limited to hazards from
21 animals, pests and plants;

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

23 “(f) Determine new or potential demand for hemp and develop appropriate market de-
24 velopment strategies for capturing that demand; and

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

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

29 “(18) Further the purposes of this section by funding scholarships for or providing fi-
30 nancial assistance to persons or entities interested in hemp.

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

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

36 “(b) ORS 279.835 to 279.855 and ORS chapters 240, 279A, 279B and 279C do not apply to
37 the commission in obtaining services described in this subsection, except that a contract for
38 services described in this subsection may not take effect until the contract is approved by
39 the State Department of Agriculture under subsection (7) of this section.

40 “(2)(a) The commission may rent space or acquire supplies and equipment from any
41 contractor as described in subsection (1) of this section.

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

44 “(3) Except as provided in this section, a contractor described in subsection (1) of this
45 section shall be considered an independent contractor and not an employee, eligible em-

1 ployee, public employee or employee of the state for purposes of Oregon law, including ORS
2 chapters 236, 238, 238A, 240, 243, 291, 316 and 652.

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

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

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

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

17 “(8) The Oregon Department of Justice shall review any contracts, agreements and sim-
18 ilar funding devices that meet or exceed the fund threshold established by the department
19 by rule.

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

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

25 “SECTION 12. (1) The Oregon Hemp Commission shall:

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

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

30 “(2) The commission may accept gifts, grants, donations or contributions from any
31 source and for expenditures for any purpose consistent with the powers conferred on the
32 commission.

33 “SECTION 13. (1) Upon request by the Oregon Hemp Commission, the Oregon Depart-
34 ment of Administrative Services may:

35 “(a) Purchase or otherwise provide for acquiring or furnishing supplies, materials,
36 equipment and services, other than personal services, that the commission requires and for
37 independent contractors to furnish professional services to the commission.

38 “(b) Provide for printing and multiple duplication work for the commission under ORS
39 282.010 to 282.050, except for printing and binding that advertises or promotes hemp or hemp
40 products.

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

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

45 “(e) Provide motor vehicles for use by members, officers and employees of the commis-

1 sion under ORS 283.305 to 283.350.

2 “(2) The commission shall pay to the department an amount for services performed by
3 the department under subsection (1) of this section that the department determines is ade-
4 quate to reimburse the department.

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

9 “SECTION 14. (1) The Oregon Hemp Commission may elect to provide services, facilities
10 and materials to commodity commissions created under ORS 576.051 to 576.455, the Oregon
11 Wheat Commission, the Oregon Beef Council and other state agencies and officers under
12 ORS 283.110.

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

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

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

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

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

29 “SECTION 17. (1) As used in this section, ‘intellectual property’ means patents, copy-
30 rights, trademarks, inventions, discoveries, processes, ideas and other similar property,
31 whether or not they are patentable or copyrightable.

32 “(2)(a) The Oregon Hemp Commission may:

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

36 “(B) Take all necessary and proper actions, including but not limited to entering into
37 contracts and other agreements and owning, managing, disposing of or using the intellectual
38 property.

39 “(b) The commission shall adopt rules to govern the ownership, management, disposal
40 and use of intellectual property and other activities of the commission relating to intellectual
41 property.

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

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

2 **“(a) ‘Commodity’ means hemp.**

3 **“(b) ‘Industry average unit price’ means the average unit price for the raw commodity**
4 **within the industry and includes prices that are calculated using a one-year, two-year or**
5 **three-year average and data from the most recent complete year or years preceding the year**
6 **of determination.**

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

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

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

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

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

21 **“(a) If the commission assesses on a unit basis, the maximum assessment may not ex-**
22 **ceed five percent of the industry average unit price. The commission may determine the in-**
23 **dustry average unit price by considering data and estimates of the United States Department**
24 **of Agriculture, Oregon State University or other reliable sources.**

25 **“(b) If the commission assesses on a percentage of the dollar value basis, the maximum**
26 **assessment may not exceed five percent of the dollar value that a producer receives for the**
27 **raw commodity. If the dollar value is not otherwise determinable, the commission may es-**
28 **tablish the dollar value based on the industry average unit price for that year for the raw**
29 **commodity.**

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

35 **“(5) Notwithstanding subsection (4) of this section, the commission may assess, levy and**
36 **collect an assessment from a producer as determined by the commission by rule. Except as**
37 **provided in subsection (6) of this section, the assessment may not exceed the limits described**
38 **in subsection (3) of this section.**

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

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

45 **“SECTION 19. (1) The Oregon Hemp Commission may establish by rule exemptions from**

1 the assessments described in section 18 of this 2019 Act based on:

2 “(a) Hemp quantities;

3 “(b) Types of hemp sales;

4 “(c) Types of hemp producers; and

5 “(d) Types of hemp processors.

6 “(2) In adopting a rule under subsection (1) of this section, the commission shall con-
7 sider:

8 “(a) Federal laws and rules, and laws and rules of other states, that relate to commodity
9 commissions, boards and marketing orders;

10 “(b) The practices, procedures and customs unique to the production, handling, process-
11 ing and trading of hemp and to producers; and

12 “(c) The cost of collecting the particular assessment and any practical problems relating
13 to the collection.

14 “(3) A producer or handler that is exempted from assessment but required to submit
15 reports to the commission is subject to section 22 of this 2019 Act.

16 “SECTION 20. (1) A person responsible for collecting an assessment on behalf of the
17 Oregon Hemp Commission:

18 “(a) Shall report to the commission as required by the commission by rule.

19 “(b) Who fails to deduct an assessment at the time of sale shall report and pay the as-
20 sessment to the commission.

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

22 “SECTION 21. (1) When a handler or processor lives, or has the handler’s or processor’s
23 office, in Oregon, the producer shall report all transfers or sales made to the handler or
24 processor on forms provided by the Oregon Hemp Commission and pay the assessment
25 moneys directly to the commission.

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

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

35 “SECTION 22. (1) A person required to pay or collect an assessment on hemp under
36 sections 1 to 36 of this 2019 Act shall maintain accurate records sufficient to enable the
37 Oregon Hemp Commission to determine by inspection and audit the accuracy of assessments
38 paid or due to the commission and of reports made or due to the commission.

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

41 “(a) Make an inspection during normal business hours of the business premises of a
42 person required to pay or collect an assessment; and

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

44 “(3) For purposes of determining the accuracy of assessments paid or due to the com-
45 mission, the commission may issue a subpoena for the production of any books, records or

1 documents related to the payment or collection of an assessment to a person required to pay
2 or collect the assessment.

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

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

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

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

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

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

21 “(3) If the person responsible for the transmittal of assessment moneys is a cooperative,
22 corporation or joint venture, all directors and officers of the cooperative, corporation or joint
23 venture are personally liable for a failure to relinquish the assessment moneys collected by
24 the cooperative, corporation or joint venture.

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

28 “(5) Unless the person required to pay an assessment and the person responsible for
29 collecting the assessment are related businesses, the commission may not collect from the
30 person required to pay the assessment any amount deducted by the person responsible for
31 collecting the assessment and due and owing to the commission.

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

37 “(2) A producer who disputes the amount of an assessment as provided under subsection
38 (1) of this section may file a challenge to the assessment with the commission not more than
39 60 days after the close of the assessment period. The challenge must be filed on a form
40 provided by the State Department of Agriculture. The commission shall process a challenge
41 under this section pursuant to rules adopted under subsection (4) of this section.

42 “(3) A producer filing a challenge under this section has the burden of proving the total
43 dollar value received by the producer during the assessment period. If the producer is also
44 licensed as a handler or processor, the producer also has the burden of proving the prices
45 paid to the producer are equivalent to prices paid in arm’s-length transactions. The com-

1 mission shall refund the amount of the assessment that the producer proves is in excess of
2 the total dollar value received by the producer for the hemp during the assessment period
3 multiplied by the maximum lawful assessment percentage.

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

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

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

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

22 “(b) All moneys in the account are continuously appropriated to the commission for the
23 purposes of carrying out the commission’s duties, functions and powers.

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

30 “(3) Subject to approval by the Director of Agriculture, the commission may invest
31 moneys the commission collects or receives. Investments the commission makes are:

32 “(a) Limited to investments described in ORS 294.035;

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

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

35 “(4) Interest earned from any moneys the commission invests under subsection (3) of this
36 section is available to the commission in a manner consistent with the commission’s annual
37 budget.

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

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

45 “(2) The bond must be in an amount equal to the maximum amount of moneys that the

1 commission determines the person may control. The commission may establish conditions
2 on the person's control of moneys under this section.

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

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

6 “SECTION 28. The Oregon Hemp Commission may cancel an uncollectible assessment
7 consistent with ORS 293.240. Subsequent collection of debt written off under ORS 293.240 is
8 governed by ORS 293.245.

9 “SECTION 29. The Oregon Hemp Commission shall maintain accurate books, records and
10 accounts of its dealings. The books, records and accounts of the commission must be open
11 to inspection and audit by the Secretary of State.

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

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

19 “(b) The budget must show:

20 “(A) The estimated receipts and expenditures by or under the authority of the commis-
21 sion under sections 1 to 36 of this 2019 Act for the fiscal year for which the budget is
22 adopted; and

23 “(B) The actual receipts and expenditures by or under the authority of the commission
24 for the fiscal year preceding the fiscal year in which the proposed budget is prepared, and
25 the estimated receipts and expenditures by or under the authority of the commission for the
26 fiscal year in which the budget is prepared.

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

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

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

37 “(b) At a meeting described in this subsection, any person has the right to be heard with
38 respect to the proposed budget.

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

44 “(7)(a) After a budget has been adopted, the commission shall submit to the Director of
45 Agriculture a copy of the budget and an affidavit setting forth the pertinent facts relating

1 to the preparation and adoption of the budget. The director shall examine the budget and
2 affidavit within 30 days of their receipt.

3 “(b) If the director determines that the estimated receipts and expenditures conform
4 with the authority of the commission and other requirements, and the facts set forth in the
5 affidavit indicate the budget was lawfully prepared and adopted, the director shall certify
6 those determinations on the copy of the budget and make the budget final.

7 “(c) If the director determines that the budget fails to meet requirements, the director
8 shall immediately notify the commission of the failures. The commission shall promptly take
9 all practicable measures to remedy the failures and resubmit a copy of the budget to the
10 director.

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

14 “(8) The commission shall:

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

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

19 “(c) Upon request of the Secretary of State, provide a copy of the statement to the sec-
20 retary.

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

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

27 “(a) In excess of the total amount of expenditures estimated for the fiscal year in the
28 budget adopted for the fiscal year or in excess of the total amount of expenditures estimated
29 for any major category in the budget adopted for the fiscal year.

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

32 “(2) An expenditure of moneys for a fiscal year unforeseen at the time the budget is
33 prepared may not be made or incurred by or under the authority of the commission under
34 sections 1 to 36 of this 2019 Act in excess of the amount of unforeseen expenditures esti-
35 mated as provided in section 30 of this 2019 Act.

36 “SECTION 33. (1) Subject to section 32 (2) of this 2019 Act, expenditures of moneys for
37 a fiscal year unforeseen at the time the Oregon Hemp Commission budget is prepared may
38 be made or incurred by order of the commission. When an unforeseen expenditure of moneys
39 occurs in a fiscal year, the commissioners must approve a motion for an order of a fund
40 transfer. The motion must include:

41 “(a) The amount and purpose of the expenditure and why the expenditure was unfore-
42 seen;

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

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

1 “(d) The specific major category of the budget from which the funds are to be trans-
2 ferred.

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

6 “(3) The commission shall send the request for certification of the order for the fund
7 transfer to the director. The director shall:

8 “(a) Examine the request, the commission’s most recent financial statement, the minutes
9 of the meeting at which the commissioners approved the motion to request the order and
10 the budget to which the order relates.

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

15 “(c) Immediately notify the commission if the director determines that the order is de-
16 fective because:

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

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

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

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

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

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

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

34 “SECTION 35. Any sale of hemp by a producer or handler is a sale in commercial chan-
35 nels for the purposes of section 36 of this 2019 Act.

36 “SECTION 36. Violation of any provision of sections 1 to 36 of this 2019 Act is a Class C
37 misdemeanor.

38 “SECTION 37. Sections 1 to 36 of this 2019 Act apply to hemp produced, processed, de-
39 livered, transferred or sold on and after the operative date of this 2019 Act.

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

41 “(2) The Director of Agriculture, the State Department of Agriculture, the Oregon De-
42 partment of Justice and the Oregon Department of Administrative Services may take any
43 action before the operative date specified in subsection (1) of this section that is necessary
44 to enable the director and the departments to exercise, on and after the operative date
45 specified in subsection (1) of this section, all of the duties, functions and powers conferred

1 on the director and the departments by sections 1 to 36 of this 2019 Act.

2
3 **“OREGON HEMP PROGRAM**

4
5 **“SECTION 39.** Section 2, chapter 116, Oregon Laws 2018, is amended to read:

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

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

9 **“Sec. 3.** The State Department of Agriculture shall administer [*an Oregon Industrial Hemp Ag-*
10 *ricultural Pilot Program*] **the Oregon Hemp Program** for the purpose of [*studying the growth, cul-*
11 *tivation and marketing of industrial hemp in this state*] **commercial production and sale of hemp.**

12 In carrying out the program, the department:

13 “(1) Shall administer ORS 571.300 to 571.348;

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

17 “[2] (3) Shall adopt by rule any **enforcement, licensing, registration,** record keeping and
18 reporting requirements necessary to administer the program **in compliance with the Agricultural**
19 **Improvement Act of 2018 (P.L. 115-334) and subsequent federal law;**

20 “[3] (4) May purchase, possess, seize or dispose of [*industrial*] hemp **or** products or commodities
21 **produced from hemp** as the department deems necessary to enforce and ensure compliance with
22 ORS 571.300 to 571.348 or department rules relating to ORS 571.300 to 571.348; and

23 “[4] (5) May exercise any other power or perform any other function necessary to administer
24 the program.

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

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

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

31 “(a) The director and the dean shall perform their respective duties under ORS 633.511 to
32 633.750 with respect to agricultural hemp seed in the same manner that the director and dean per-
33 form their respective duties under ORS 633.511 to 633.750 with respect to other agricultural seed
34 or flower seed, including but not limited to those duties related to labeling, testing and certifying
35 seeds; and

36 “(b) The director and the dean shall exercise their respective functions and powers under ORS
37 633.511 to 633.750 with respect to agricultural hemp seed in the same manner that the director and
38 dean exercise their respective functions and powers under ORS 633.511 to 633.750 with respect to
39 other agricultural seed or flower seed, including but not limited to inspecting and sampling seeds
40 and making rules and regulations under ORS 633.680.

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

1 adequate or suitable regulation of agricultural hemp seed.

2 “(4)(a) The director and the dean shall collaborate with growers [*registered*] **licensed** under ORS
3 571.305 in performing their respective duties and exercising their respective functions and powers
4 under ORS 633.511 to 633.750 with respect to agricultural hemp seed.

5 “(b) The director and the dean may collaborate with growers [*registered*] **licensed** under ORS
6 571.305 and other stakeholders to develop a heritage agricultural hemp seed for this state.

7 “(5) The director and the dean may collaborate with entities authorized to certify seeds under
8 the laws of other states in performing their respective duties and exercising their respective func-
9 tions and powers under ORS 633.511 to 633.750 with respect to agricultural hemp seed.

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

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

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

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

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

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

27 “**(b) By harvesting and transferring or selling for processing for use in products hemp**
28 **seed in a manner that renders the hemp seed incapable of germination, provided the hemp**
29 **seed is sourced from hemp grown with seed certified pursuant to a seed certification pro-**
30 **gram administered or recognized by the department.**

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

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

35 “**Sec. 10.** The State Department of Agriculture may charge growers and handlers [*registered*]
36 **licensed** under ORS 571.305 fees reasonably calculated by the department to pay the cost of sampl-
37 ing or testing [*industrial*] hemp or [*industrial hemp*] commodities or products **produced from hemp**
38 under ORS 571.330 and 571.333. Moneys from fees charged under this section shall be deposited in
39 the [*Industrial*] Hemp Fund established under section 30 [*of this 2018 Act*], **chapter 116, Oregon**
40 **Laws 2018.**

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

42 “**Sec. 14. (1)** The Oregon Liquor Control Commission may purchase, possess, seize or dispose
43 of [*industrial hemp products or*] **hemp or commodities or products produced from hemp that are**
44 located on a premises licensed under ORS 475B.070, 475B.090, 475B.100, 475B.105 or 475B.560 or
45 other area under the control of the premises licensee as the commission deems necessary to enforce

1 and ensure compliance with:

2 “(a) ORS 475B.010 to 475B.545, 475B.550 to 475B.590 or 475B.600 to 475B.655 or rules adopted
3 by the commission relating to ORS 475B.010 to 475B.545, 475B.550 to 475B.590 or 475B.600 to
4 475B.655; or

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

9 “(2) If the commission purchases, possesses, seizes or disposes of *[industrial hemp products or]*
10 **hemp or commodities or products produced from hemp** under this section to enforce or ensure
11 compliance with a provision of ORS 571.300 to 571.348 or rule adopted by the department under ORS
12 571.300 to 571.348 that makes a requirement, restriction or other provision of ORS 475B.010 to
13 475B.545, 475B.550 to 475B.590 or 475B.600 to 475B.655 applicable to *[industrial]* hemp, the commis-
14 sion shall notify the department of the commission action as soon as practicable.

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

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

17 “[*(a)*] ‘Consumption’ has the meaning given that term in ORS 571.330.]

18 “[*(b)*] (a) ‘Processor’ means a person licensed under ORS 475B.090.

19 “[*(c)*] (b) ‘Retailer’ means a person licensed under ORS 475B.105.

20 “[*(d)*] (c) ‘Wholesaler’ means a person licensed under ORS 475B.100.

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

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

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

29 “(c) The hemp, commodity or product meets the requirements for marijuana items under ORS
30 475B.010 to 475B.545, 475B.550 to 475B.590 and 475B.600 to 475B.655 and rules adopted by the
31 commission.

32 “(3) A grower, handler or processor registered as described under ORS 571.336 (2)(a) shall enter
33 hemp, **or a commodity or product** [*that contains cannabinoids, is intended for human consumption*]
34 **produced from hemp** and is intended for transfer, sale or transport to a processor, retailer or
35 wholesaler licensed under ORS 475B.010 to 475B.545 into the tracking system described in ORS
36 475B.177 before the hemp, commodity or product is transferred to a laboratory described in ORS
37 571.330 (2) for testing of a type described under ORS 475B.555. The commission shall continue to
38 track the hemp, commodity or product entered into the system under this subsection when the hemp,
39 commodity or product is transferred, sold or transported to a premises licensed under ORS 475B.010
40 to 475B.545, or to other areas under the control of the premises licensee.

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

43 “(5) The commission shall adopt rules regarding the activities of processors, retailers, whole-
44 salers and laboratories under this section.

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

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

2 “(a) ‘Consumer’ has the meaning given that term in ORS 475B.015.

3 “(b) ‘Retailer’ means a person licensed under ORS 475B.105.

4 “(2) [*Industrial*] Hemp or products **produced from hemp** that contain more than 0.3 percent

5 **delta-9** tetrahydrocannabinol may not be sold to a consumer by a person other than a retailer.

6 “**(3) Subject to subsection (2) of this section, growers licensed under ORS 571.305, han-**

7 **dlers licensed under ORS 571.305, subsequent manufacturers of hemp or commodities or**

8 **products produced from hemp, processors licensed under ORS 475B.090, wholesalers licensed**

9 **under ORS 475B.100 and retailers licensed under ORS 475B.105 may possess, process, receive,**

10 **transfer or sell hemp and commodities or products produced from hemp that contain more**

11 **than 0.3 percent delta-9 tetrahydrocannabinol concentration to handlers licensed under ORS**

12 **571.305, subsequent manufacturers of hemp or products produced from hemp, processors li-**

13 **censed under ORS 475B.090, wholesalers licensed under ORS 475B.100 or retailers licensed**

14 **under ORS 475B.105.**

15 “[(3)] (4) **The State Department of Agriculture and** the Oregon Liquor Control Commission

16 shall adopt rules establishing measures [*the commission deems necessary for ensuring*] **to ensure**

17 compliance with this section.

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

19 “**Sec. 30.** There is established in the State Treasury, separate and distinct from the General

20 Fund, the [*Industrial*] Hemp Fund. Interest earned by the fund shall be credited to the fund. The

21 fund shall consist of all moneys credited to or deposited in the fund. Moneys in the fund are con-

22 tinuously appropriated to the State Department of Agriculture for the purposes of implementing,

23 administering and enforcing ORS 571.300 to 571.348.

24 “**SECTION 48.** ORS 571.300, as amended by section 27, chapter 116, Oregon Laws 2018, is

25 amended to read:

26 “571.300. As used in ORS 571.300 to 571.348:

27 “(1) ‘Agricultural hemp seed’ means Cannabis seed:

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

29 “(b) That remains in an unprocessed or partially processed condition that is capable of

30 germination.

31 “(2) ‘Crop’ means [*industrial*] hemp grown under a single [*registration*] **license.**

32 “(3) ‘Grower’ means a person, joint venture or cooperative that produces industrial hemp.

33 “(4) ‘Handler’ means a person, joint venture [*or*], cooperative **or corporation** that receives [*in-*

34 *dustrial*] hemp for processing into commodities, products or agricultural hemp seed.

35 “(5) **‘Hemp’ means the plant Cannabis sativa L. and any part of that plant, including the**

36 **seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts and salts of**

37 **isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not**

38 **more than 0.3 percent on a dry weight basis. The State Department of Agriculture may by**

39 **rule adopt any higher average tetrahydrocannabinol concentration limit established in fed-**

40 **eral law.**

41 “[(5) ‘Industrial hemp’:]

42 “[(a) *Except as provided in this paragraph, means all nonseed parts and varieties of the Cannabis*

43 *plant, whether growing or not, that contain an average tetrahydrocannabinol concentration that does*

44 *not exceed 0.3 percent on a dry weight basis. The State Department of Agriculture, by rule, may adopt*

45 *any higher average tetrahydrocannabinol concentration limit established in federal law.*]

1 “[(b) Means any Cannabis seed:]
2 “[(A) That is part of a crop;]
3 “[(B) That is retained by a grower for future planting;]
4 “[(C) That is agricultural hemp seed;]
5 “[(D) That is for processing into or for use as agricultural hemp seed; or]
6 “[(E) That has been processed in a manner or to an extent that the Cannabis seed is incapable of
7 germination.]
8 “[(c) Does not mean industrial hemp commodities or products.]
9 “[(6) ‘Industrial hemp concentrate’ means an industrial hemp product obtained by separating
10 cannabinoids from industrial hemp by:]
11 “[(a) A mechanical process;]
12 “[(b) A chemical extraction process using a nonhydrocarbon-based solvent, such as water, vegetable
13 glycerin, vegetable oils, animal fats, isopropyl alcohol or ethanol;]
14 “[(c) A chemical extraction process using carbon dioxide, provided that the process does not involve
15 the use of high heat or pressure; or]
16 “[(d) Any other process identified by the department by rule.]
17 “[(7) (6) ‘[Industrial] Hemp extract’ means [an industrial] a hemp product obtained by separating
18 cannabinoids from [industrial] hemp by:
19 “(a) A chemical extraction process using a hydrocarbon-based solvent, such as butane, hexane
20 or propane; **or**
21 “(b) A chemical extraction process using carbon dioxide, if the process uses high heat or
22 pressure[; or]
23 “[(c) Any other process identified by the department by rule].
24 “**(7) ‘Processor’ has the meaning given the term ‘handler’ in this section.**
25 “**(8) ‘Producer’ has the meaning given the term ‘grower’ in this section.**
26 “**SECTION 49.** ORS 571.303 is amended to read:
27 “571.303. (1) [Industrial] Hemp is an agricultural product that is subject to regulation by the
28 State Department of Agriculture.
29 “(2) For purposes of ORS chapter 616, the department may not consider [industrial] hemp [or
30 industrial hemp commodities or products] to be an adulterant.
31 “**SECTION 50.** ORS 571.305, as amended by section 28, chapter 116, Oregon Laws 2018, is
32 amended to read:
33 “571.305. (1) To grow or handle [industrial] hemp, a person must be [registered with] **licensed**
34 **by** the State Department of Agriculture as a grower or handler.
35 “(2)(a) Only a grower or handler [registered] **licensed** under this section may produce agricul-
36 tural hemp seed. For a grower or handler to produce agricultural hemp seed, the grower or handler
37 must be registered with the department as an agricultural hemp seed producer.
38 “(b) Notwithstanding paragraph (a) of this subsection:
39 “(A) A grower [registered] **licensed** under this section that retains agricultural hemp seed for
40 the purpose of personally propagating [industrial] hemp in a subsequent year is not required to
41 register with the department as an agricultural hemp seed producer; and
42 “(B) A grower or handler [registered] **licensed** under this section that produces Cannabis seeds
43 that are incapable of germination, or a handler [registered] **licensed** under this section that pro-
44 cesses Cannabis seeds that are incapable of germination into commodities or products, is not re-
45 quired to register with the department as an agricultural hemp seed producer.

1 “(3) An applicant for registration **or licensure** under this section must submit to the depart-
2 ment, in a form and manner prescribed by the department, the following information:

3 “(a) The name and address of the applicant;

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

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

6 “(4) Registration **or licensure** under this section is valid for a one-year term, beginning on
7 January 1. A grower, handler or agricultural hemp seed producer may renew a registration **or li-**
8 **cence** under this section in a form and manner prescribed by the department.

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

10 “(6) A grower or handler registered **or licensed** under this section must keep records as re-
11 quired by the department by rule. Upon not less than three days’ notice, the department may sub-
12 ject the records to inspection or audit during normal business hours. The department may make
13 an inspection or audit for the purpose of ensuring compliance with:

14 “(a) A provision of ORS 571.300 to 571.348;

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

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

18 “(7) In addition to any inspection conducted pursuant to ORS 561.275, the department may in-
19 spect any crop during the crop’s growth phase and take a representative composite sample for field
20 analysis. **Subject to federal authorization and rules adopted by the department, the depart-**
21 **ment may use homogenization methods in sampling and to ensure that a sample is repre-**
22 **sentative.** If a crop contains an average **delta-9** tetrahydrocannabinol concentration exceeding 0.3
23 percent on a dry weight basis or a **delta-9** tetrahydrocannabinol concentration exceeding the con-
24 centration allowed under federal law, whichever is greater, the department may detain, seize or
25 embargo the crop as provided under ORS 561.605 to 561.620, subject to any process established un-
26 der section 9, chapter 116, Oregon Laws 2018.

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

33 “(9) The department may adopt rules establishing public health and safety standards and indus-
34 try best practices for growers and handlers registered **or licensed** under this section.

35 “**SECTION 51.** ORS 571.315 is amended to read:

36 “571.315. (1) Subject to the provisions of ORS chapter 183, the State Department of Agriculture
37 may revoke the **license or** registration of a grower, handler or agricultural hemp seed producer or
38 refuse to **license or** register or renew the **license or** registration if a grower, handler or agricul-
39 tural hemp seed producer violates:

40 “(a) A provision of ORS 571.300 to 571.348;

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

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

44 “(d) Any statutory law or department rule related to agricultural activities other than [*indus-*
45 *trial*] hemp operations.

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

4 “**SECTION 52.** ORS 571.318 is amended to read:

5 “571.318. A grower [*registered*] **licensed** under ORS 571.305 may use any propagation method,
6 including planting seeds or starts or the use of clones or cuttings, to produce [*industrial*] hemp.

7 “**SECTION 53.** ORS 571.327 is amended to read:

8 “571.327. (1) An agricultural hemp seed producer registered under ORS 571.305:

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

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

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

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

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

21 “571.330. (1) For purposes of this section, ‘consumption’ means to ingest[,] **or** inhale [*or topically*
22 *apply to the skin or hair*].

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

27 “(b) An accredited independent testing laboratory that has been approved by the authority or
28 the State Department of Agriculture may test [*industrial*] hemp and [*industrial hemp*] commodities
29 and products produced [*or processed by a grower, handler or agricultural hemp seed producer regis-*
30 *tered under ORS 571.305*] **from hemp**.

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

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

40 “(5) **A person may not sell or transfer hemp, a hemp concentrate, hemp extract or**
41 **commodity or product produced from hemp to a consumer unless the hemp, hemp concen-**
42 **trate, hemp extract or commodity or product is tested for potency pursuant to rules adopted**
43 **by the department under this section.**

44 “[4] (6) For purposes of this section, the department shall adopt rules:

45 “(a) Establishing protocols for the testing of [*industrial*] hemp **and** commodities and products

1 **produced from hemp;** and

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

4 “[*(5) This section does not apply to:*]

5 “[*(a) Agricultural hemp seed;*]

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

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

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

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

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

14 “571.333. (1) The State Department of Agriculture may enter into an agreement with the Oregon
15 Health Authority for the purpose of developing standards for investigating and testing [*an*
16 *industrial*] a hemp crop to determine the average **delta-9** tetrahydrocannabinol concentration of the
17 crop.

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

22 “**SECTION 56.** ORS 571.336 is amended to read:

23 “571.336. (1) As used in this section, ‘licensee,’ ‘marijuana,’ ‘marijuana item’ and ‘marijuana
24 processor’ have the meanings given those terms in ORS 475B.015.

25 “(2) A grower [*registered*] **licensed** under ORS 571.305 may deliver [*industrial*] hemp, and a
26 handler [*registered*] **licensed** under ORS 571.305 may deliver [*industrial*] hemp concentrates and [*in-*
27 *dustrial*] hemp extracts, to a marijuana processor that holds a license issued under ORS 475B.090,
28 if:

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

32 “(b) The marijuana processor is provided with the results of any test conducted on the [*indus-*
33 *trial*] hemp, [*industrial*] hemp concentrate or [*industrial*] hemp extract pursuant to ORS 571.300 to
34 571.348 as a condition of the marijuana processor’s receiving the [*industrial*] hemp, [*industrial*] hemp
35 concentrate or [*industrial*] hemp extract;

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

38 “(d) The [*industrial*] hemp, [*industrial*] hemp concentrate or [*industrial*] hemp extract is tracked
39 using the system developed and maintained under ORS 475B.177 when the [*industrial*] hemp, [*indus-*
40 *trial*] hemp concentrate or [*industrial*] hemp extract is delivered to the premises of the marijuana
41 processor; and

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

44 “(3) [*Industrial*] Hemp, [*industrial*] hemp concentrates and [*industrial*] hemp extracts may be
45 processed by a marijuana processor registered under this section into any [*industrial hemp*] com-

1 modify or product or used by a marijuana processor registered under this section to supplement the
2 processing of any marijuana item.

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

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

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

18 “571.348. (1) Subject to the provisions of ORS chapter 183, the State Department of Agriculture
19 may impose a civil penalty not to exceed \$2,500 on a person for violating:

20 “(a) A provision of ORS 571.300 to 571.348;

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

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

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

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

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

33 “**SECTION 58. A grower or handler registered under ORS 571.305 that meets the re-
34 quirements for renewal of the registration shall be issued a license under ORS 571.305 to
35 grow or handle hemp on the date on which the grower or handler registration is due for re-
36 newal.**

37 “**SECTION 59. (1) The amendments to ORS 571.300, 571.303, 571.305, 571.315, 571.318,
38 571.327, 571.330, 571.333, 571.336 and 571.348 and sections 2, 3, 7, 9, 10, 14, 15, 15a and 30,
39 chapter 116, Oregon Laws 2018, by sections 39 to 57 of this 2019 Act become operative on
40 January 1, 2020.**

41 “(2) **The Oregon Health Authority, the Oregon Liquor Control Commission and the State
42 Department of Agriculture may take any action before the operative date specified in sub-
43 section (1) of this section that is necessary to enable the authority, the commission and the
44 department to exercise, on and after the operative date specified in subsection (1) of this
45 section, all of the duties, functions and powers conferred on the authority, the commission**

1 and the department by the amendments to ORS 571.300, 571.303, 571.305, 571.315, 571.318,
2 571.327, 571.330, 571.333, 571.336 and 571.348 and sections 2, 3, 7, 9, 10, 14, 15, 15a and 30,
3 chapter 116, Oregon Laws 2018, by sections 39 to 57 of this 2019 Act.

4
5 “CONFORMING AMENDMENTS

6
7 “SECTION 60. ORS 475B.015 is amended to read:

8 “475B.015. As used in ORS 475B.010 to 475B.545:

9 “(1) ‘Cannabinoid’ means any of the chemical compounds that are the active constituents of
10 marijuana.

11 “(2) ‘Cannabinoid concentrate’ means a substance obtained by separating cannabinoids from
12 marijuana by:

13 “(a) A mechanical extraction process;

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

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

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

20 “(3) ‘Cannabinoid edible’ means food or potable liquid into which a cannabinoid concentrate,
21 cannabinoid extract or dried marijuana leaves or flowers have been incorporated.

22 “(4) ‘Cannabinoid extract’ means a substance obtained by separating cannabinoids from
23 marijuana by:

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

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

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

29 “(5)(a) ‘Cannabinoid product’ means a cannabinoid edible and any other product intended for
30 human consumption or use, including a product intended to be applied to the skin or hair, that
31 contains cannabinoids or dried marijuana leaves or flowers.

32 “(b) ‘Cannabinoid product’ does not include:

33 “(A) Usable marijuana by itself;

34 “(B) A cannabinoid concentrate by itself;

35 “(C) A cannabinoid extract by itself; or

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

37 “(6) ‘Consumer’ means a person who purchases, acquires, owns, holds or uses marijuana items
38 other than for the purpose of resale.

39 “(7) ‘Deliver’ means the actual, constructive or attempted transfer from one person to another
40 of a marijuana item, whether or not there is an agency relationship.

41 “(8) ‘Designated primary caregiver’ has the meaning given that term in ORS 475B.791.

42 “(9)(a) ‘Financial consideration’ means value that is given or received either directly or indi-
43 rectly through sales, barter, trade, fees, charges, dues, contributions or donations.

44 “(b) ‘Financial consideration’ does not include marijuana, cannabinoid products or cannabinoid
45 concentrates that are delivered within the scope of and in compliance with ORS 475B.301.

1 “(10) ‘Homegrown’ means grown by a person 21 years of age or older for noncommercial pur-
2 poses.

3 “(11) ‘Household’ means a housing unit and any place in or around a housing unit at which the
4 occupants of the housing unit are producing, processing, possessing or storing homegrown
5 marijuana, cannabinoid products, cannabinoid concentrates or cannabinoid extracts.

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

10 “(13) ‘Immature marijuana plant’ means a marijuana plant that is not flowering.

11 “(14) ‘Licensee’ means a person that holds a license issued under ORS 475B.070, 475B.090,
12 475B.100 or 475B.105.

13 “(15) ‘Licensee representative’ means an owner, director, officer, manager, employee, agent or
14 other representative of a licensee, to the extent that the person acts in a representative capacity.

15 “(16)(a) ‘Manufacture’ means producing, propagating, preparing, compounding, converting or
16 processing a marijuana item, either directly or indirectly, by extracting from substances of natural
17 origin.

18 “(b) ‘Manufacture’ includes any packaging or repackaging of a marijuana item or the labeling
19 or relabeling of a container containing a marijuana item.

20 “(17)(a) ‘Marijuana’ means the plant Cannabis family Cannabaceae, any part of the plant
21 Cannabis family Cannabaceae and marijuana seeds.

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

23 “(18) ‘Marijuana flowers’ means the flowers of the plant genus Cannabis within the plant family
24 Cannabaceae.

25 “(19) ‘Marijuana items’ means marijuana, cannabinoid products, cannabinoid concentrates and
26 cannabinoid extracts.

27 “(20) ‘Marijuana leaves’ means the leaves of the plant genus Cannabis within the plant family
28 Cannabaceae.

29 “(21) ‘Marijuana processor’ means a person that processes marijuana items in this state.

30 “(22) ‘Marijuana producer’ means a person that produces marijuana in this state.

31 “(23) ‘Marijuana retailer’ means a person that sells marijuana items to a consumer in this state.

32 “(24)(a) ‘Marijuana seeds’ means the seeds of the plant Cannabis family Cannabaceae.

33 “(b) ‘Marijuana seeds’ does not include the seeds of [*industrial*] hemp, as defined in ORS 571.300.

34 “(25) ‘Marijuana wholesaler’ means a person that purchases marijuana items in this state for
35 resale to a person other than a consumer.

36 “(26) ‘Mature marijuana plant’ means a marijuana plant that is not an immature marijuana
37 plant.

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

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

1 “(29) ‘Noncommercial’ means not dependent or conditioned upon the provision or receipt of fi-
2 nancial consideration.

3 “(30)(a) ‘Premises’ includes the following areas of a location licensed under ORS 475B.010 to
4 475B.545:

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

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

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

11 “(b) ‘Premises’ does not include a primary residence.

12 “(31)(a) ‘Processes’ means the processing, compounding or conversion of marijuana into
13 cannabinoid products, cannabinoid concentrates or cannabinoid extracts.

14 “(b) ‘Processes’ does not include packaging or labeling.

15 “(32)(a) ‘Produces’ means the manufacture, planting, cultivation, growing or harvesting of
16 marijuana.

17 “(b) ‘Produces’ does not include:

18 “(A) The drying of marijuana by a marijuana processor, if the marijuana processor is not oth-
19 erwise producing marijuana; or

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

23 “(33) ‘Propagate’ means to grow immature marijuana plants or to breed or produce marijuana
24 seeds.

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

29 “(35) ‘Registry identification cardholder’ has the meaning given that term in ORS 475B.791.

30 “(36)(a) ‘Usable marijuana’ means the dried leaves and flowers of marijuana.

31 “(b) ‘Usable marijuana’ does not include:

32 “(A) Marijuana seeds;

33 “(B) The stalks and roots of marijuana; or

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

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

37 “475B.227. (1) For purposes of this section:

38 “(a) **‘Consumer’ means a person who purchases, acquires, owns, holds or uses marijuana**
39 **items other than for the purpose of sale.**

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

43 “[(b)] (c) ‘Marijuana item’ includes [industrial] hemp products [and commodities] that contain
44 more than a 0.3 percent **delta-9** tetrahydrocannabinol **concentration and that are sold to a con-**
45 **sumer.**

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

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

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

7 “[(4)] (5) A violation of this section is a:

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

9 “(A) Is not for consideration and the person holds a license issued under ORS 475B.070,
10 475B.090, 475B.100 or 475B.105; or

11 “(B) Concerns an amount of marijuana items that exceeds the applicable maximum amount
12 specified in ORS 475B.337 (1)(a) to (f).

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

14 “(A) Is for consideration and the person holds a license issued under ORS 475B.070, 475B.090,
15 475B.100 or 475B.105;

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

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

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

22 “475B.311. (1) A person other than a marijuana processor that holds a license issued under ORS
23 475B.090 may not process cannabinoid extracts into a cannabinoid product.

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

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

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

27 “475B.550. As used in ORS 475B.550 to 475B.590:

28 “(1) ‘Cannabinoid’ means any of the chemical compounds that are the active constituents of
29 marijuana.

30 “(2) ‘Cannabinoid concentrate or extract’ means a substance obtained by separating
31 cannabinoids from marijuana by a mechanical, chemical or other process.

32 “(3) ‘Cannabinoid edible’ means food or potable liquid into which a cannabinoid concentrate or
33 extract or the dried leaves or flowers of marijuana have been incorporated.

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

37 “(b) ‘Cannabinoid product’ does not include:

38 “(A) Usable marijuana by itself;

39 “(B) A cannabinoid concentrate or extract by itself; or

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

41 “(5)(a) ‘Marijuana’ means the plant Cannabis family Cannabaceae, any part of the plant
42 Cannabis family Cannabaceae and the seeds of the plant Cannabis family Cannabaceae.

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

44 “(6) ‘Marijuana item’ means marijuana, usable marijuana, a cannabinoid product or a
45 cannabinoid concentrate or extract.

1 “(7) ‘Processing’ means the compounding or conversion of marijuana into cannabinoid products
2 or cannabinoid concentrates or extracts.

3 “(8) ‘Producing’ means:

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

5 “(b) Drying marijuana leaves and flowers.

6 “(9)(a) ‘Usable marijuana’ means the dried leaves and flowers of marijuana.

7 “(b) ‘Usable marijuana’ does not include:

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

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

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

11 “475B.600. As used in ORS 475B.600 to 475B.655:

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

14 “(2) ‘Cannabinoid concentrate or extract’ means a substance obtained by separating
15 cannabinoids from marijuana by a mechanical, chemical or other process.

16 “(3) ‘Cannabinoid edible’ means food or potable liquid into which a cannabinoid concentrate or
17 extract or the dried leaves or flowers of marijuana have been incorporated.

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

21 “(b) ‘Cannabinoid product’ does not include:

22 “(A) Usable marijuana by itself;

23 “(B) A cannabinoid concentrate or extract by itself; or

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

25 “(5)(a) ‘Marijuana’ means the plant Cannabis family Cannabaceae, any part of the plant
26 Cannabis family Cannabaceae and the seeds of the plant Cannabis family Cannabaceae.

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

28 “(6) ‘Marijuana item’ means marijuana, usable marijuana, a cannabinoid product or a
29 cannabinoid concentrate or extract.

30 “(7) ‘Processing’ means the compounding or conversion of marijuana into cannabinoid products
31 or cannabinoid concentrates or extracts.

32 “(8) ‘Producing’ means:

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

34 “(b) Drying marijuana leaves and flowers.

35 “(9)(a) ‘Usable marijuana’ means the dried leaves and flowers of marijuana.

36 “(b) ‘Usable marijuana’ does not include:

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

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

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

40 “475B.791. As used in ORS 475B.785 to 475B.949:

41 “(1) ‘Attending physician’ means a physician licensed under ORS chapter 677 who has primary
42 responsibility for the care and treatment of a person diagnosed with a debilitating medical condition.

43 “(2) ‘Cannabinoid’ means any of the chemical compounds that are the active constituents of
44 marijuana.

45 “(3) ‘Cannabinoid concentrate’ means a substance obtained by separating cannabinoids from

1 marijuana by:

2 “(a) A mechanical extraction process;

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

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

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

9 “(4) ‘Cannabinoid edible’ means food or potable liquid into which a cannabinoid concentrate,
10 cannabinoid extract or dried leaves or flowers of marijuana have been incorporated.

11 “(5) ‘Cannabinoid extract’ means a substance obtained by separating cannabinoids from
12 marijuana by:

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

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

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

19 “(6) ‘Debilitating medical condition’ means:

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

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

25 “(A) Cachexia;

26 “(B) Severe pain;

27 “(C) Severe nausea;

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

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

30 “(c) Post-traumatic stress disorder; or

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

34 “(7)(a) ‘Delivery’ has the meaning given that term in ORS 475.005.

35 “(b) ‘Delivery’ does not include transfer of marijuana by a registry identification cardholder to
36 another registry identification cardholder if no consideration is paid for the transfer.

37 “(8)(a) ‘Designated primary caregiver’ means an individual:

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

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

41 “(C) Who is designated as the person responsible for managing the well-being of a person who
42 has been diagnosed with a debilitating medical condition on that person’s application for a registry
43 identification card or in other written notification submitted to the authority.

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

45 “(9) ‘High heat’ means a temperature exceeding 180 degrees.

1 “(10) ‘Immature marijuana plant’ means a marijuana plant that is not flowering.

2 “(11)(a) ‘Marijuana’ means the plant Cannabis family Cannabaceae, any part of the plant
3 Cannabis family Cannabaceae and the seeds of the plant Cannabis family Cannabaceae.

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

5 “(12) ‘Marijuana grow site’ means a location registered under ORS 475B.810 where marijuana
6 is produced for use by a registry identification cardholder.

7 “(13) ‘Marijuana processing site’ means a marijuana processing site registered under ORS
8 475B.840 or a site for which an applicant has submitted an application for registration under ORS
9 475B.840.

10 “(14) ‘Mature marijuana plant’ means a marijuana plant that is not an immature marijuana
11 plant.

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

15 “(b) ‘Medical cannabinoid product’ does not include:

16 “(A) Usable marijuana by itself;

17 “(B) A cannabinoid concentrate by itself;

18 “(C) A cannabinoid extract by itself; or

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

20 “(16) ‘Medical marijuana dispensary’ means a medical marijuana dispensary registered under
21 ORS 475B.858 or a site for which an applicant has submitted an application for registration under
22 ORS 475B.858.

23 “(17) ‘Medical use of marijuana’ means the production, processing, possession, delivery or ad-
24 ministration of marijuana, or use of paraphernalia used to administer marijuana, to mitigate the
25 symptoms or effects of a debilitating medical condition.

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

31 “(19) ‘Process’ means the compounding or conversion of marijuana into medical cannabinoid
32 products, cannabinoid concentrates or cannabinoid extracts.

33 “(20) ‘Production’ means:

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

35 “(b) Drying marijuana leaves or flowers.

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

40 “(22) ‘Registry identification cardholder’ means a person to whom a registry identification card
41 has been issued under ORS 475B.797.

42 “(23)(a) ‘Usable marijuana’ means the dried leaves and flowers of marijuana.

43 “(b) ‘Usable marijuana’ does not include:

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

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

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

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

4 “**Sec. 19.** (1) As used in this section, ‘*industrial*’ hemp’ has the meaning given that term in ORS
5 571.300.

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

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

11 “**SECTION 67.** (1) **The amendments to ORS 475B.015, 475B.227, 475B.311, 475B.550,**
12 **475B.600 and 475B.791 and section 19, chapter 103, Oregon Laws 2018, by sections 60 to 66 of**
13 **this 2019 Act become operative on January 1, 2020.**

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

21
22 “**REPEALS**

23
24 “**SECTION 68.** **ORS 571.339 and section 20, chapter 103, Oregon Laws 2018, are repealed.**

25
26 “**UNIT CAPTIONS**

27
28 “**SECTION 69.** **The unit captions used in this 2019 Act are provided only for the conven-**
29 **ience of the reader and do not become part of the statutory law of this state or express any**
30 **legislative intent in the enactment of this 2019 Act.**

31
32 “**EFFECTIVE DATE**

33
34 “**SECTION 70.** **This 2019 Act takes effect on the 91st day after the date on which the 2019**
35 **regular session of the Eightieth Legislative Assembly adjourns sine die.”.**