

## HB 4035 -1, -2, -3, -4, -5, -6 STAFF MEASURE SUMMARY

### House Committee On Economic Development

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**Meeting Dates:** 2/5, 2/12

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#### WHAT THE MEASURE DOES:

Requires the Oregon Health Authority, Oregon Liquor Control Commission, Oregon Department of Agriculture, and Governor's Office to jointly develop a plan by December 31, 2020 to address the administration of marijuana regulation, including appropriate regulatory authority over the Oregon Medical Marijuana Program, consolidation of administrative functions, methods to ensure necessary funding for marijuana systems and programs, establishment of a state reference laboratory, support for marijuana social equity, and needed statutory changes. Declares emergency, effective on passage.

*REVENUE: Minimal revenue impact (-1, -2, -3); No Revenue Impact (-6)*

*FISCAL: Minimal fiscal impact (-1, -2, -6); Fiscal impact issued (-3)*

#### ISSUES DISCUSSED:

- Agencies working with stakeholders on marijuana regulation
- Involving community organizations for social equity component
- Existing agency and commission relations and partnerships
- Continual change to the cannabis statutes and rules

#### EFFECT OF AMENDMENT:

- 1 Requires plan to assess the financial impact of the Cannabis Tracking System on Oregon Liquor Control Commission licensees and make recommendations to improve the tracking system and reduce the cost of tracking to cannabis businesses.
- 2 Adds the Department of Revenue and specifies that the plan include ensuring the timely sharing of tax compliance data with cities, counties, and the Oregon Liquor Control Commission.
- 3 Requires Oregon Liquor Control Commission (OLCC) to adopt rules in consultation with stakeholders to develop compliance education programs for licensees and cannabis entities regulated by the OLCC. Requires rules to clarify that participation is voluntary, establish mitigation periods, and allow OLCC to offer violation abatement recommendations. Becomes operative on January 1, 2021.
- 4 Adds the Oregon Cannabis Commission.
- 5 Combines the -1, -2, and -3 amendments.
- 6 Requires agencies to consult with the Oregon Cannabis Commission and licensees and other cannabis entities regulated by the Oregon Liquor Control Commission in the development of the plan.

#### BACKGROUND:

Oregon voters approved Ballot Measure 67 in 1998 allowing the medical use of marijuana in Oregon within specified limits. Cardholders may grow plants for themselves, designate a grower and grow site on their behalf, or purchase marijuana items from medical marijuana dispensaries or licensed recreational retail establishments. In 2014, Oregon voters enacted Ballot Measure 91, allowing the recreational use of marijuana for persons 21 years or older in Oregon. The Oregon Health Authority (OHA) administers the Oregon Medical Marijuana Program (OMMP) while the Oregon Liquor Control Commission (OLCC) administers and regulates the licensing for

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recreational marijuana producers, processors, wholesalers, and retailers and is responsible for developing and implementing the seed-to-sale tracking system known as the Cannabis Tracking System.

The Oregon Cannabis Commission (OCC) was created through House Bill 2198 in 2017 and was charged with determining a possible framework for the future governance of the OMMP by February 2019. The January 2019 Oregon Cannabis Commission Report concluded that the current regulation of cannabis by multiple state agencies with different mandates causes confusion and task duplication and does not provide Oregon with centralized oversight. The OCC recommended that the “legislature, in coordination with the OCC and other agencies, should explore alternate forms of governance over cannabis, such as consolidating governance under a single body. This process will require a detailed examination of the costs and benefits of restructuring the programs, and how to implement such a change.”

Two other agencies have responsibilities related to Oregon's medical and recreational marijuana systems. The Oregon Department of Agriculture (ODA) is responsible for regulating commercial kitchens, scale certification, certain food handling activities, and pesticides related to marijuana. The Oregon Department of Revenue administers the state marijuana tax and over 70 local marijuana taxes on behalf of local governments.

House Bill 4035 requires the OLCC, OHA, ODA, and Governor's Office to jointly develop a plan by December 31, 2020 to address the administration of marijuana regulation.