

HB 4035 A STAFF MEASURE SUMMARY
House Committee On Economic Development

Carrier: Rep. Fahey

Action Date: 02/12/20

Action: Do pass with amendments. (Printed A-Eng.)

Vote: 10-0-1-0

Yeas: 10 - Barreto, Bonham, Fahey, Helm, Lively, Marsh, McKeown, McLain, Wilson, Witt

Exc: 1 - Wallan

Fiscal: Fiscal impact issued

Revenue: Has minimal revenue impact

Prepared By: Melissa Leoni, LPRO Analyst

Meeting Dates: 2/5, 2/12

WHAT THE MEASURE DOES:

Requires the Oregon Health Authority, Oregon Liquor Control Commission (OLCC), Oregon Department of Agriculture, Oregon Department of Revenue, and Governor’s Office, in consultation with the Oregon Cannabis Commission and OLCC licensees and regulated entities, to jointly develop a plan by December 31, 2020, to address the administration of marijuana regulation. Requires the plan to include the 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; financial impacts of the Cannabis Tracking System on OLCC licensees; timely sharing of tax compliance data with cities, counties, and the OLCC; and needed statutory changes. Requires OLCC to adopt rules in consultation with licensees and other interested parties to develop compliance education programs. Requires rules to clarify that participation is voluntary, establish mitigation periods for certain violations, and to allow OLCC to offer violation abatement recommendations. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Agencies working with stakeholders on marijuana regulation
- Need to involve community organizations in the development of social equity element of plan
- Existing agency and commission relationships and partnerships
- Impacts of continual changes to cannabis statutes and rules

EFFECT OF AMENDMENT:

Adds the Department of Revenue to list of agencies and requires agencies to consult with the Oregon Cannabis Commission and OLCC licensees and regulated entities in developing plan. Requires plan to include assessment of financial impact of the Cannabis Tracking System on OLCC licensees and timely sharing of tax compliance data with cities, counties, and OLCC. Requires OLCC to adopt rules in consultation with stakeholders to develop compliance education programs for OLCC licensees and regulated entities. Requires rules to clarify that participation is voluntary, establish mitigation periods, and to allow OLCC to offer violation abatement recommendations.

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

HB 4035 A STAFF MEASURE SUMMARY

(OMMP) while the Oregon Liquor Control Commission (OLCC) administers and regulates the licensing for 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 (2017) and 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, and the Oregon Department of Revenue (DOR) administers the state marijuana tax and over 70 local marijuana taxes on behalf of local governments.

House Bill 4035-A requires the OLCC, OHA, ODA, DOR, and Governor's Office, in consultation with the OCC and OLCC licensees and regulated entities, to jointly develop a plan by December 31, 2020, to address the administration of marijuana regulation. The measure also requires the OLCC to adopt rules in consultation with stakeholders to develop compliance education programs for OLCC licensees and regulated entities.