

HB 4051 A STAFF MEASURE SUMMARY

Carrier: Sen. Golden

Senate Committee On General Government and Emergency Preparedness

Action Date: 02/19/20
Action: Do pass the A-Eng bill.
Vote: 4-1-0-0
Yeas: 4 - Girod, Golden, Monnes Anderson, Riley
Nays: 1 - Boquist
Fiscal: Has minimal fiscal impact
Revenue: No revenue impact
Prepared By: C. Ross, Counsel
Meeting Dates: 2/19

WHAT THE MEASURE DOES:

Declares importance of and support for hemp industry. Directs the Oregon Department of Agriculture (ODA) to monitor implementation of the Oregon Hemp Commission's (OHC) goals and budget; promote cooperation among the OHC, commodity commissions, the Oregon Beef Council, and the Oregon Wheat Commission; carry out assigned organizational tasks including the appointment and removal of OHC members; review OHC budgets; and adopt corresponding rules. Requires ODA to review OHC plans and projects for promotion, advertising, research, and information dissemination. Directs ODA to appoint seven temporary OHC members as specified for OHC rule adoption; appoint OHC commissioners as specified and in accordance with adopted rules; and consider appointment recommendations by commodity commissions, producers, and producer associations. Specifies requirements related to OHC members, officers, and employee payment, meeting locations, and OHC duties. Authorizes reimbursement of ODA's mandatory supervisory or administrative functions from OHC. Requires OHC to budget and manage moneys in the same manner as a commodity commission. Authorizes OHC to accept funds from any source. Allows OHC to develop hemp-related intellectual property, and provides for contracts, moneys, ownership, management, disposal, and use of that property. Authorizes OHC to establish certain assessments, levies, and collections by rule; in particular an assessment on all units grown or produced in state and sold commercially, not to exceed 1.5 percent of the industry average unit price (if assessed on a unit basis) or of the dollar value that a producer receives for the raw commodity (if assessed on a percentage of the dollar value basis), to be held in trust. Provides OHC discretion to deviate upward pursuant to federal marketing order or agreement, and to create exemptions from assessments based on certain considerations. Provides for disputed assessment amounts. Directs OHC to maintain accurate records of all dealings open to inspection by the Secretary of State. Requires OHC to adopt an annual budget as specified, subject to public hearing and notice requirements, and approved by ODA. Requires certain hemp handlers or processors to report transfers or sales on OHC forms and to maintain accurate records concerning the payment or collection of hemp assessments. Authorizes OHC to inspect, audit, and subpoena records to determine the accuracy of assessments paid or due. Establishes penalties and process for delinquent payments or failed transmittal of assessment moneys. Creates Class C misdemeanor for violations (maximum penalty of 30 days imprisonment and \$1,250 fine). Authorizes the Department of Administrative Services to assist with the purchase, acquisition, or provision of services, equipment, and materials upon OHC request, and establishes reimbursement process. Operative January 1, 2021. Takes effect 91st day following adjournment *sine die*.

ISSUES DISCUSSED:

- Growth of industry; positioning Oregon to be an industry leader
- Importance of establishing statewide commission

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- Applying successful model of commodity commission
- Pressing issues confronting industry, including pests, co-existence, water quality, and sustainable practices
- Department of Agriculture's absorption of start-up costs, primarily rulemaking

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Industrial hemp is an agricultural product regulated by the Oregon Department of Agriculture (ODA). It refers to plant varieties of *Cannabis sativa* that contain a limited amount of THC (tetrahydrocannabinol) that are grown instead for fiber, seed, oil, or as a cover crop. A series of laws related to industrial hemp have been enacted in Oregon over the past decade as the industry has evolved: Senate Bill 676 (2009) authorized hemp production and possession, and commerce in industrial hemp commodities; House Bill 4060 (2016) updated and clarified regulatory provisions and authorized ODA to adopt rules concerning quality, packaging, and labeling of industrial hemp seed; Senate Bill 1015 (2017) provided for the processing and sale of industrial hemp concentrates and extracts; and House Bill 4089 (2018) established the Oregon Industrial Hemp Agricultural Pilot Program and an agricultural hemp seed certificate program, and further refined statutes governing testing, regulation, personal possession, and limits on THC concentration.

House Bill 4051-A creates a framework for the Oregon Hemp Commission overseen by the Oregon Department of Agriculture.