

## SB 408 A STAFF MEASURE SUMMARY

### Senate Committee On Labor and Business

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**Action Date:** 04/13/21

**Action:** Do pass with amendments and requesting referral to Ways and Means. (Printed A-Engrossed.)

**Vote:** 4-1-0-0

**Yeas:** 4 - Hansell, Jama, Lieber, Riley

**Nays:** 1 - Kennemer

**Fiscal:** Fiscal impact issued

**Revenue:** Has minimal revenue impact

**Prepared By:** Tyler Larson, LPRO Analyst

**Meeting Dates:** 3/11, 4/6, 4/13

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#### WHAT THE MEASURE DOES:

Limits conditions under which Oregon Liquor Control Commission (OLCC) may delay processing, approving, or denying a license application to cases where: the applicant or a person named in the application is the subject of a proposed revocation or suspension; the application is for the premises of an existing licensee who is the subject of a proposed revocation or suspension; or, the OLCC has received information from law enforcement that the applicant or a person named in the application is engaged or has engaged in the unregulated commerce of marijuana items or the unlawful manufacture or delivery of controlled substances. Limits conditions under which OLCC may revoke, suspend, or restrict a recreational marijuana licensee and allows for revocation only when the conduct of a licensee poses a significant risk to public health or safety. Requires OLCC to develop a schedule outlining the number and types of violations that, if committed within a two-year period, indicate a disregard for the law or a failure to control the premises. Requires OLCC to report to an interim committee of the Legislative Assembly related to judiciary on rulemaking activities no later than December 31, 2021, and December 31, 2022. Allows for transfer of specified marijuana products between producers and processors and producers with common ownership. Establishes mandatory content for manifest that transport driver must carry in transport vehicle when transporting marijuana or marijuana items. Requires OLCC to adopt rules supporting marijuana plant diversity by allowing qualified producer to receive seeds from any source in this state and allows for delivery of seeds by producers, processors, and wholesalers to licensees, registered medical patients, and designated caregivers. Increases possession limits from one ounce to two ounces of usable marijuana in a public place. Requires OLCC and the Oregon Health Authority (OHA) to adopt by rule concentration limits for a single package of cannabinoid product, concentrate, or extract with a maximum concentration of up to 100 milligrams tetrahydrocannabinol (THC) per package. Removes requirement for OLCC to adopt rules requiring usable marijuana to be packaged in child-resistant safety packaging. Requires OLCC to report to Legislative Assembly no later than December 31, 2022, on changes that would further reduce use of plastics by recreational marijuana industry. Establishes operative date of January 1, 2022, for majority of measure. Declares emergency, effective on passage.

#### ISSUES DISCUSSED:

- Need for revised regulations to support growth of cannabis industry
- Current Department of Revenue methods for determining producer revenue
- Potential impact of measure on licensed seed producers
- Combined effort of industry and OLCC to develop consensus amendments

#### EFFECT OF AMENDMENT:

Replaces the measure.

**BACKGROUND:**

Oregon voters approved Ballot Measure 67 in 1998 allowing the medical use of marijuana in Oregon within specified limits. Administered by the Oregon Health Authority (OHA), the Oregon Medical Marijuana Program allows registered patients to grow plants for themselves, designate a grower and a 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 Liquor Control Commission (OLCC) administers licensing for over 2,500 recreational marijuana producers, processors, wholesalers, and retailers as well as the seed-to-sale tracking system known as the Cannabis Tracking System.

Senate Bill 408 A proposes several changes to the state's regulation of both medical and recreational marijuana. The measure reforms OLCC enforcement by limiting the conditions under which the agency may pause the processing of a license or take other enforcement actions against a licensee. The measure also requires the agency to develop a violation schedule outlining the number and types of violations that, if committed within a two-year period, indicate a disregard for the law or a failure to control the premises and report to the Legislative Assembly on rulemaking activities through 2022.

The measure allows for easier transfer of marijuana products by allowing for transfers of specified products between producers and processors and producers with common ownership, and establishing mandatory content for a shipping manifest that transport drivers must carry when transporting marijuana or marijuana items. It also seeks to increase plant diversity by requiring OLCC to adopt rules allowing qualified producers to receive seeds from any source in this state and allowing for the delivery of seeds by producers, processors, and wholesalers to recreational licensees, registered patients, and caregivers.

The measure increases the possession limits for usable marijuana from one to two ounces in a public place and requires OLCC and OHA to adopt rules allowing for concentration of up to 100 milligrams of THC per package of cannabinoid products, concentrates, or extracts.

Finally, the measure seeks to reduce the use of plastics in Oregon's recreational marijuana industry by removing the requirement for OLCC to adopt rules requiring usable marijuana to be packaged in child-resistant safety packaging and requiring OLCC to report to the Legislative Assembly no later than December 31, 2022, on changes that would further reduce the use of plastics.