

Senate Bill 96

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Governor Kate Brown for Oregon Liquor Control Commission)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Defines "cannabinoids" for purpose of inhalant delivery systems. Authorizes Oregon Health Authority to consult with Oregon Liquor Control Commission on adoption of rules related to inhalant delivery systems containing cannabinoids. Authorizes commission to regulate testing and labeling of inhalant delivery systems that contain cannabinoids derived from industrial hemp.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to cannabis; creating new provisions; amending ORS 431A.175, 475B.025, 475B.550,
3 475B.555, 475B.560, 475B.565, 475B.600, 475B.605, 475B.610 and 571.330; and prescribing an ef-
4 fective date.

5 **Be It Enacted by the People of the State of Oregon:**

6 **NOTE: Section 1 was deleted. Subsequent sections were not renumbered.**

7 **SECTION 2.** If chapter 525, Oregon Laws 2019 (IRR 402), is approved by the voters at the
8 general election held throughout this state on November 3, 2020, ORS 431A.175, as amended by
9 section 16, chapter 525, Oregon Laws 2019, is amended to read:

10 431A.175. (1) As used in this section and ORS 431A.183:

11 **(a) "Cannabinoid" means any of the chemical compounds that are the active constituents**
12 **of industrial hemp, as defined in ORS 571.269, or marijuana, as defined in ORS 475B.015.**

13 *[(a)(A)]* **(b)(A)** "Inhalant delivery system" means:

14 (i) A device that can be used to deliver nicotine or cannabinoids in the form of a vapor or aer-
15 osol to a person inhaling from the device; or

16 (ii) A component of a device described in this subparagraph or a substance in any form sold for
17 the purpose of being vaporized or aerosolized by a device described in this subparagraph, whether
18 the component or substance is sold separately or is not sold separately.

19 (B) "Inhalant delivery system" does not include:

20 (i) Any product that has been approved by the United States Food and Drug Administration for
21 sale as a tobacco cessation product or for any other therapeutic purpose, if the product is marketed
22 and sold solely for the approved purpose; and

23 (ii) Tobacco products.

24 *[(b)]* **(c)** "Tobacco products" means:

25 (A) Bidis, cigars, cheroots, stogies, periques, granulated, plug cut, crimp cut, ready rubbed and
26 other smoking tobacco, snuff, snuff flour, cavendish, plug and twist tobacco, fine-cut and other
27 chewing tobaccos, shorts, refuse scraps, clippings, cuttings and sweepings of tobacco and other
28 forms of tobacco, prepared in a manner that makes the tobacco suitable for chewing or smoking in

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 a pipe or otherwise, or for both chewing and smoking;

2 (B) Cigarettes as defined in ORS 323.010 (1); or

3 (C) A device that:

4 (i) Can be used to deliver tobacco products to a person using the device; and

5 (ii) Has not been approved by the United States Food and Drug Administration for sale as a
6 tobacco cessation product or for any other therapeutic purpose, if the product is marketed and sold
7 solely for the approved purpose.

8 (2) It is unlawful:

9 (a) To violate ORS 167.750.

10 (b) To fail as a retailer of tobacco products to post a notice substantially similar to the notice
11 described in subsection (3) of this section in a location that is clearly visible to the seller and the
12 purchaser of the tobacco products.

13 (c) To fail as a retailer of inhalant delivery systems to post a notice in a location that is clearly
14 visible to the seller and the purchaser of the inhalant delivery systems that it is unlawful to sell
15 inhalant delivery systems to persons under 21 years of age. The Oregon Health Authority shall
16 adopt by rule the content of the notice required under this paragraph.

17 (d) To distribute, sell or allow to be sold an inhalant delivery system if the inhalant delivery
18 system is not labeled in accordance with rules adopted by the authority.

19 (e) To distribute, sell or allow to be sold an inhalant delivery system if the inhalant delivery
20 system is not packaged in child-resistant safety packaging, as required by the authority by rule.

21 (f) To distribute, sell or allow to be sold an inhalant delivery system if the inhalant delivery
22 system is packaged in a manner that is attractive to minors, as determined by the authority by rule.

23 (g) To distribute, sell or allow to be sold cigarettes in any form other than a sealed package that
24 contains at least 20 cigarettes.

25 (3) The notice required by subsection (2)(b) of this section must be substantially as follows:

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27
28 **NOTICE**

29 The sale of tobacco in any form to persons under 21 years of age is prohibited by law. Any
30 person who sells, or allows to be sold, tobacco to a person under 21 years of age is in violation of
31 Oregon law.

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33
34 (4)(a) Rules adopted under subsection (2)(d), (e) and (f) of this section must be consistent with
35 any regulation adopted by the United States Food and Drug Administration related to labeling or
36 packaging requirements for inhalant delivery systems.

37 **(b) The authority may consult with the Oregon Liquor Control Commission in the**
38 **adoption of rules related to inhalant delivery systems that deliver cannabinoids.**

39 **SECTION 3.** ORS 475B.025 is amended to read:

40 475B.025. (1) The Oregon Liquor Control Commission has the duties, functions and powers
41 specified in ORS 475B.010 to 475B.545 and the powers necessary or proper to enable the commission
42 to carry out the commission's duties, functions and powers under ORS 475B.010 to 475B.545. The
43 jurisdiction, supervision, duties, functions and powers of the commission extend to any person that
44 produces, processes, transports, delivers, sells or purchases a marijuana item in this state. The
45 commission may sue and be sued.

1 (2) The duties, functions and powers of the commission specified in ORS 475B.010 to 475B.545
 2 include the following:

3 (a) To regulate the production, processing, transportation, delivery, sale and purchase of
 4 marijuana items in accordance with the provisions of ORS 475B.010 to 475B.545.

5 (b) To issue, renew, suspend, revoke or refuse to issue or renew licenses for the production,
 6 processing or sale of marijuana items, or other licenses related to the consumption of marijuana
 7 items, and to permit, in the commission’s discretion, the transfer of a license between persons.

8 (c) To adopt, amend or repeal rules as necessary to carry out the intent and provisions of ORS
 9 475B.010 to 475B.545, including rules that the commission considers necessary to protect the public
 10 health and safety.

11 (d) To exercise all powers incidental, convenient or necessary to enable the commission to ad-
 12 minister or carry out the provisions of ORS 475B.010 to 475B.545 or any other law of this state that
 13 charges the commission with a duty, function or power related to marijuana. Powers described in
 14 this paragraph include, but are not limited to:

15 (A) Issuing subpoenas;

16 (B) Compelling the attendance of witnesses;

17 (C) Administering oaths;

18 (D) Certifying official acts;

19 (E) Taking depositions as provided by law;

20 (F) Compelling the production of books, payrolls, accounts, papers, records, documents and tes-
 21 timony; and

22 (G) Establishing fees in addition to the application, licensing and renewal fees described in ORS
 23 475B.070, 475B.090, 475B.100 and 475B.105, provided that any fee established by the commission is
 24 reasonably calculated not to exceed the cost of the activity for which the fee is charged.

25 (e) To adopt rules regulating and prohibiting advertising marijuana items in a manner:

26 (A) That is appealing to minors;

27 (B) That promotes excessive use;

28 (C) That promotes illegal activity; or

29 (D) That otherwise presents a significant risk to public health and safety.

30 (f) To regulate the use of marijuana items for other purposes as deemed necessary or appropri-
 31 ate by the commission.

32 (g) To establish pilot programs, of not more than three years in duration, to expand access to
 33 marijuana for medical use for registry identification cardholders and designated primary caregivers,
 34 as defined in ORS 475B.791.

35 **(h) To regulate the testing and labeling of inhalant delivery systems, as defined in ORS**
 36 **431A.175, that are derived from industrial hemp, as defined in ORS 571.269.**

37 (3) Fees collected pursuant to subsection (2)(d)(G) of this section shall be deposited in the
 38 Marijuana Control and Regulation Fund established under ORS 475B.296.

39 **SECTION 4.** ORS 475B.550 is amended to read:

40 475B.550. As used in ORS 475B.550 to 475B.590:

41 (1) “Cannabinoid” means any of the chemical compounds that are the active constituents of
 42 marijuana.

43 (2) “Cannabinoid concentrate or extract” means a substance obtained by separating
 44 cannabinoids from marijuana by a mechanical, chemical or other process.

45 (3) “Cannabinoid edible” means food or potable liquid into which a cannabinoid concentrate or

1 extract or the dried leaves or flowers of marijuana have been incorporated.

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

5 (b) “Cannabinoid product” does not include:

- 6 (A) Usable marijuana by itself;
- 7 (B) A cannabinoid concentrate or extract by itself; or
- 8 (C) Industrial hemp[, *as defined in ORS 571.269*].

9 **(5) “Industrial hemp” has the meaning given that term in ORS 571.269.**

10 **(6) “Industrial hemp item” means an industrial hemp concentrate or industrial hemp**
 11 **extract, as those terms are defined in ORS 571.269, that is intended for use in an inhalant**
 12 **delivery system.**

13 **(7) “Inhalant delivery system” has the meaning given that term in ORS 431A.175.**

14 [(5)(a)] **(8)(a) “Marijuana” means the plant Cannabis family Cannabaceae, any part of the plant**
 15 **Cannabis family Cannabaceae and the seeds of the plant Cannabis family Cannabaceae.**

16 (b) “Marijuana” does not include:

- 17 (A) Industrial hemp[, *as defined in ORS 571.269*]; or
- 18 (B) Prescription drugs, as that term is defined in ORS 689.005, including those containing one
 19 or more cannabinoids, that are approved by the United States Food and Drug Administration and
 20 dispensed by a pharmacy, as defined in ORS 689.005.

21 [(6)] **(9) “Marijuana item” means marijuana, usable marijuana, a cannabinoid product or a**
 22 **cannabinoid concentrate or extract.**

23 [(7)] **(10) “Processing” means:**

24 **(a) The compounding or conversion of marijuana into cannabinoid products or cannabinoid**
 25 **concentrates or extracts.**

26 **(b) The compounding or conversion of industrial hemp into industrial hemp concentrates**
 27 **or industrial hemp extracts.**

28 [(8)] **(11) “Producing” means:**

- 29 (a) Planting, cultivating, growing, trimming or harvesting marijuana; or
- 30 (b) Drying marijuana leaves and flowers.

31 [(9)(a)] **(12)(a) “Usable marijuana” means the dried leaves and flowers of marijuana.**

32 (b) “Usable marijuana” does not include:

- 33 (A) The seeds, stalks and roots of marijuana; or
- 34 (B) Waste material that is a by-product of producing or processing marijuana.

35 **SECTION 5.** ORS 475B.555 is amended to read:

36 475B.555. (1) As is necessary to protect the public health and safety, and in consultation with
 37 the Oregon Liquor Control Commission and the State Department of Agriculture, the Oregon Health
 38 Authority shall adopt rules:

39 (a) Establishing standards for testing marijuana items **and industrial hemp items.**

40 (b) Identifying appropriate tests for marijuana items **and industrial hemp items**, depending on
 41 the type of marijuana item **or industrial hemp item** and the manner in which the marijuana item
 42 **or industrial hemp item** was produced or processed, that are necessary to protect the public health
 43 and safety, including, but not limited to, tests for:

- 44 (A) Microbiological contaminants;
- 45 (B) Pesticides;

- 1 (C) Other contaminants;
- 2 (D) Solvents or residual solvents; and
- 3 (E) Tetrahydrocannabinol and cannabidiol concentration.

4 (c) Establishing procedures for determining batch sizes and for sampling usable marijuana,
 5 cannabinoid products [*and*], cannabinoid concentrates or extracts **and industrial hemp items**.

6 (d) Establishing different minimum standards for different varieties of usable marijuana and dif-
 7 ferent types of cannabinoid products and cannabinoid concentrates and extracts **and as appropri-**
 8 **ate, industrial hemp items**.

9 (2) In addition to the testing requirements established under subsection (1) of this section, the
 10 authority or the commission may require cannabinoid edibles to be tested in accordance with any
 11 applicable law of this state, or any applicable rule adopted under a law of this state, related to the
 12 production and processing of food products or commodities.

13 (3) In adopting rules under ORS 475B.785 to 475B.949, the authority may require:

14 (a) A person responsible for a marijuana grow site under ORS 475B.810 to test usable marijuana
 15 before transferring the usable marijuana to a registrant other than an individual who holds a reg-
 16 istry identification card under ORS 475B.797; and

17 (b) A person processing marijuana to test cannabinoid products or cannabinoid concentrates or
 18 extracts before transferring the cannabinoid products or cannabinoid concentrates or extracts to a
 19 registrant other than an individual who holds a registry identification card under ORS 475B.797.

20 (4) In adopting rules under ORS 475B.010 to 475B.545, the commission may require:

21 (a) A marijuana producer that holds a license under ORS 475B.070 or a marijuana wholesaler
 22 that holds a license under ORS 475B.100 to test usable marijuana before selling or transferring the
 23 usable marijuana; and

24 (b) A marijuana processor that holds a license under ORS 475B.090 or a marijuana wholesaler
 25 that holds a license under ORS 475B.100 to test cannabinoid products or cannabinoid concentrates
 26 or extracts before selling or transferring the cannabinoid products or cannabinoid concentrates or
 27 extracts.

28 (5) The authority and the commission may conduct random testing of marijuana items for the
 29 purpose of determining whether a person subject to testing under subsection (3) of this section or
 30 a licensee subject to testing under subsection (4) of this section is in compliance with this section.

31 (6) In adopting rules to implement this section, the authority and commission may not require
 32 a marijuana item **or industrial hemp item** to undergo the same test more than once unless the
 33 marijuana item **or industrial hemp item** is processed into a different type of marijuana item **or**
 34 **industrial hemp item** or the condition of the marijuana item **or industrial hemp item** has funda-
 35 mentally changed.

36 (7) The testing of marijuana items **and industrial hemp items** as required by this section must
 37 be conducted by a laboratory licensed by the commission under ORS 475B.560 and accredited by the
 38 authority under ORS 475B.565.

39 (8) In adopting rules under subsection (1) of this section, the authority:

40 (a) Shall consider the cost of a potential testing procedure and how that cost will affect the cost
 41 to the ultimate consumer of the marijuana item **or industrial hemp item**; and

42 (b) May not adopt rules that are more restrictive than is reasonably necessary to protect the
 43 public health and safety.

44 **SECTION 6.** ORS 475B.560 is amended to read:

45 475B.560. (1) A laboratory that conducts testing of marijuana items **or industrial hemp items**

1 as required by ORS 475B.555 must have a license to operate at the premises at which the marijuana
 2 items **or industrial hemp items** are tested.

3 (2) For purposes of this section, the Oregon Liquor Control Commission shall adopt rules es-
 4 tablishing:

5 (a) Qualifications to be licensed under this section, including that an applicant for licensure
 6 under this section must be accredited by the Oregon Health Authority as described in ORS 475B.565;

7 (b) Processes for applying for and renewing a license under this section;

8 (c) Fees for applying for, receiving and renewing a license under this section; and

9 (d) Procedures for:

10 (A) Tracking usable marijuana, cannabinoid products [*and*], cannabinoid concentrates or ex-
 11 tracts **or industrial hemp items** to be tested;

12 (B) Documenting and reporting test results; and

13 (C) Disposing of samples of usable marijuana, cannabinoid products [*and*], cannabinoid concen-
 14 trates or extracts **or industrial hemp items** that have been tested.

15 (3) A license issued under this section must be renewed annually.

16 (4) The commission may inspect premises licensed under this section to ensure compliance with
 17 ORS 475B.550 to 475B.590 and rules adopted under ORS 475B.550 to 475B.590.

18 (5) Subject to the applicable provisions of ORS chapter 183, the commission may refuse to issue
 19 or renew, or may suspend or revoke, a license issued under this section for violation of:

20 (a) A provision of ORS 475B.550 to 475B.590 or a rule adopted under a provision of ORS
 21 475B.550 to 475B.590; or

22 (b) A provision of ORS 475B.010 to 475B.545 or a rule adopted under a provision of ORS
 23 475B.010 to 475B.545.

24 (6) Fees adopted under subsection (2)(c) of this section must be reasonably calculated to pay the
 25 expenses incurred by the commission under ORS 475B.550 to 475B.590.

26 (7) Fee moneys collected under this section shall be deposited in the Marijuana Control and
 27 Regulation Fund established under ORS 475B.296 and are continuously appropriated to the commis-
 28 sion for the purpose of carrying out the duties, functions and powers of the commission under ORS
 29 475B.550 to 475B.590.

30 **SECTION 7.** ORS 475B.565 is amended to read:

31 475B.565. (1) A laboratory that conducts testing of marijuana items **or industrial hemp items**
 32 as required by ORS 475B.555 must be accredited under ORS 438.605 to 438.620 and meet other
 33 qualifications as established by the Oregon Health Authority under this section.

34 (2) In addition to other qualifications required pursuant to ORS 438.605 to 438.620, the authority
 35 shall require an applicant for accreditation under ORS 438.605 to 438.620 for purposes related to the
 36 testing of marijuana items **or industrial hemp items** to:

37 (a) Complete an application;

38 (b) Undergo an onsite inspection; and

39 (c) Meet other applicable requirements, specifications and guidelines for testing marijuana items
 40 **or industrial hemp items**, as determined to be appropriate by the authority by rule.

41 (3) The authority may inspect premises licensed under ORS 475B.560 to ensure compliance with
 42 ORS 475B.550 to 475B.590 and rules adopted under ORS 475B.550 to 475B.590.

43 (4) Subject to the applicable provisions of ORS chapter 183, the authority may refuse to issue
 44 or renew, or may suspend or revoke, a laboratory's accreditation granted under this section and
 45 ORS 438.605 to 438.620 for violation of:

1 (a) A provision of ORS 475B.550 to 475B.590 or a rule adopted under a provision of ORS
2 475B.550 to 475B.590; or

3 (b) A provision of ORS 475B.010 to 475B.545 or a rule adopted under a provision of ORS
4 475B.010 to 475B.545.

5 (5) In establishing fees under ORS 438.620 for laboratories that test marijuana items **or indus-**
6 **trial hemp items**, the authority shall establish fees that are reasonably calculated to pay the ex-
7 penses incurred by the authority under this section and ORS 438.605 to 438.620 in accrediting
8 laboratories that test marijuana items **or industrial hemp items**.

9 **SECTION 8. Section 9 of this 2021 Act is added to and made a part of ORS 475B.550 to**
10 **475B.590.**

11 **SECTION 9. (1) If a person violates a provision of ORS 475B.550 to 475B.590 or a rule**
12 **adopted under ORS 475B.550 to 475B.590 with regard to an industrial hemp item:**

13 (a) **The State Department of Agriculture may impose disciplinary action described in ORS**
14 **571.285 and impose a civil penalty under ORS 571.348 if the person is a grower or handler**
15 **registered under ORS 571.281.**

16 (b) **The Oregon Liquor Control Commission may impose a civil penalty under ORS**
17 **475B.655 if the person is not a grower or handler registered under ORS 571.281.**

18 **(2) The commission and the department may adopt rules to carry out this section.**

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

20 475B.600. As used in ORS 475B.600 to 475B.655:

21 (1) “Cannabinoid” means any of the chemical compounds that are the active constituents of
22 marijuana.

23 (2) “Cannabinoid concentrate or extract” means a substance obtained by separating
24 cannabinoids from marijuana by a mechanical, chemical or other process.

25 (3) “Cannabinoid edible” means food or potable liquid into which a cannabinoid concentrate or
26 extract or the dried leaves or flowers of marijuana have been incorporated.

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

30 (b) “Cannabinoid product” does not include:

31 (A) Usable marijuana by itself;

32 (B) A cannabinoid concentrate or extract by itself; or

33 (C) Industrial hemp[, *as defined in ORS 571.269*].

34 **(5) “Industrial hemp” has the meaning given that term in ORS 571.269.**

35 **(6) “Industrial hemp item” means an industrial hemp concentrate or industrial hemp**
36 **extract, as those terms are defined in ORS 571.269, that is intended for use in an inhalant**
37 **delivery system.**

38 **(7) “Inhalant delivery system” has the meaning given that term in ORS 431A.175.**

39 [(5)(a)] **(8)(a) “Marijuana” means the plant Cannabis family Cannabaceae, any part of the plant**
40 **Cannabis family Cannabaceae and the seeds of the plant Cannabis family Cannabaceae.**

41 (b) “Marijuana” does not include:

42 (A) Industrial hemp[, *as defined in ORS 571.269*]; or

43 (B) Prescription drugs, as that term is defined in ORS 689.005, including those containing one
44 or more cannabinoids, that are approved by the United States Food and Drug Administration and
45 dispensed by a pharmacy, as defined in ORS 689.005.

1 [(6)] (9) “Marijuana item” means marijuana, usable marijuana, a cannabinoid product or a
 2 cannabinoid concentrate or extract.

3 [(7)] (10) “Processing” means:

4 (a) The compounding or conversion of marijuana into cannabinoid products or cannabinoid
 5 concentrates or extracts.

6 (b) **The compounding or conversion of industrial hemp into industrial hemp concentrates
 7 or industrial hemp extracts.**

8 [(8)] (11) “Producing” means:

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

10 (b) Drying marijuana leaves and flowers.

11 [(9)(a)] (12)(a) “Usable marijuana” means the dried leaves and flowers of marijuana.

12 (b) “Usable marijuana” does not include:

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

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

15 **SECTION 11.** ORS 475B.605 is amended to read:

16 475B.605. (1) As is necessary to protect the public health and safety, and in consultation with
 17 the Oregon Health Authority and the State Department of Agriculture, the Oregon Liquor Control
 18 Commission shall adopt rules establishing standards for the labeling of marijuana items **and**
 19 **inhalant delivery systems that contain industrial hemp items**, including but not limited to:

20 (a) Ensuring that usable marijuana, cannabinoid concentrates and extracts, cannabinoid edibles
 21 [and], other cannabinoid products **and inhalant delivery systems that contain industrial hemp**
 22 **items** have labeling that communicates:

23 (A) Health and safety warnings;

24 (B) If applicable, activation time;

25 (C) Potency;

26 (D) For cannabinoid products and cannabinoid concentrates and extracts, serving size and the
 27 number of servings included in a cannabinoid product or cannabinoid concentrate or extract pack-
 28 age; and

29 (E) Content of the marijuana item **or the inhalant delivery system that contains an indus-**
 30 **trial hemp item**; and

31 (b) Labeling that is in accordance with applicable state food labeling requirements for the same
 32 type of food product or potable liquid when the food product or potable liquid does not contain
 33 marijuana or cannabinoids.

34 (2) In adopting rules under ORS 475B.785 to 475B.949, the authority shall require all usable
 35 marijuana, cannabinoid products and cannabinoid concentrates and extracts transferred by a med-
 36 ical marijuana dispensary registered under ORS 475B.858 to be labeled in accordance with sub-
 37 section (1) of this section and rules adopted under subsection (1) of this section.

38 (3) In adopting rules under ORS 475B.010 to 475B.545, the commission shall require all usable
 39 marijuana, cannabinoid products and cannabinoid concentrates and extracts sold or transferred by
 40 a marijuana retailer that holds a license issued under ORS 475B.105 to be labeled in accordance
 41 with subsection (1) of this section and rules adopted under subsection (1) of this section.

42 (4) In adopting rules under subsection (1) of this section, the commission:

43 (a) May establish different labeling standards for different varieties of usable marijuana [and],
 44 for different types of cannabinoid products and cannabinoid concentrates and extracts **and for**
 45 **inhalant delivery systems that contain industrial hemp items**;

1 (b) May establish different minimum labeling standards for persons registered under ORS
2 475B.785 to 475B.949 and persons licensed under ORS 475B.010 to 475B.545;

3 (c) Shall consider the cost of a potential requirement and how that cost will affect the cost to
4 the ultimate consumer of the marijuana item **or inhalant delivery system that contains an in-**
5 **dustrial hemp item**; and

6 (d) May not adopt rules that are more restrictive than is reasonably necessary to protect the
7 public health and safety.

8 **SECTION 12.** ORS 475B.610 is amended to read:

9 475B.610. (1) As used in this section:

10 (a) “Licensee” has the meaning given that term in ORS 475B.015.

11 (b) “Registrant” means a person registered under ORS 475B.785 to 475B.949.

12 (2) The Oregon Liquor Control Commission may by rule require a licensee **or person respon-**
13 **sible for the labeling of an inhalant delivery system that contains an industrial hemp item,**
14 and the Oregon Health Authority may by rule require a registrant, to submit a label intended for
15 use on a marijuana item for preapproval by the commission before the licensee or registrant may
16 sell or transfer a marijuana item **or inhalant delivery system that contains an industrial hemp**
17 **item** bearing the label. The commission shall determine whether a label submitted under this section
18 complies with ORS 475B.605 and any rule adopted under ORS 475B.605.

19 (3) The commission may impose a fee for submitting a label for preapproval under this section
20 that is reasonably calculated to not exceed the cost of administering this section.

21 **SECTION 13.** Section 14 of this 2021 Act is added to and made a part of ORS 475B.600 to
22 **475B.655.**

23 **SECTION 14.** (1) **If a person violates a provision of ORS 475B.600 to 475B.655 or a rule**
24 **adopted under ORS 475B.550 to 475B.590 with regard to an industrial hemp item:**

25 (a) **The State Department of Agriculture may impose disciplinary action described in ORS**
26 **571.285 and impose a civil penalty under ORS 571.348 if the person is a grower or handler**
27 **registered under ORS 571.281.**

28 (b) **The Oregon Liquor Control Commission may impose a civil penalty under ORS**
29 **475B.655 if the person is not a grower or handler registered under ORS 571.281.**

30 (2) **The commission and the department may adopt rules to carry out this section.**

31 **SECTION 15.** ORS 571.330 is amended to read:

32 571.330. (1) For purposes of this section, “consumption” means to ingest, inhale or topically ap-
33 ply to the skin or hair.

34 (2)(a) A laboratory licensed by the Oregon Liquor Control Commission under ORS 475B.560 and
35 accredited by the Oregon Health Authority pursuant to ORS 475B.565 may test industrial hemp and
36 industrial hemp commodities and products produced or processed by a grower, handler or agricul-
37 tural hemp seed producer registered under ORS 571.281.

38 (b) An accredited independent testing laboratory that has been approved by the authority or the
39 State Department of Agriculture may test industrial hemp and industrial hemp commodities and
40 products produced or processed by a grower, handler or agricultural hemp seed producer registered
41 under ORS 571.281.

42 (3) A grower or handler may not sell or transfer an industrial hemp commodity or product that
43 is intended for human consumption unless the commodity or product is tested by a laboratory de-
44 scribed in subsection (2) of this section to ensure that the commodity or product meets the re-
45 quirements adopted by the Oregon Health Authority under ORS 475B.555 (1)(a) and (b) and (2) for

1 testing marijuana items.

2 **(4) Industrial hemp commodities or products that are intended for use in an inhalant**
3 **delivery system, as defined in ORS 431A.175, must meet the requirements of ORS 475B.550**
4 **to 475B.590 and 475B.600 to 475B.655 that apply to industrial hemp items as defined in ORS**
5 **475B.550 and 475B.600.**

6 [(4)] (5) For purposes of this section, the department shall adopt rules:

7 (a) Establishing protocols for the testing of industrial hemp commodities and products; and

8 (b) Establishing procedures for determining batch sizes and for sampling industrial hemp com-
9 modities and products.

10 [(5)] (6) This section does not apply to:

11 (a) Agricultural hemp seed;

12 (b) Seeds of the plant genus Cannabis within the plant family Cannabaceae that are incapable
13 of germination;

14 (c) Products derived from seeds described in paragraph (b) of this subsection; or

15 (d) Other parts of industrial hemp that the department identifies by rule as exempt.

16 **SECTION 16. Sections 9 and 14 of this 2021 Act and the amendments to ORS 431A.175,**
17 **475B.025, 475B.550, 475B.555, 475B.560, 475B.565, 475B.600, 475B.605, 475B.610 and 571.330 by**
18 **sections 2 to 7, 10 to 12 and 15 of this 2021 Act apply to inhalant delivery systems sold or**
19 **transferred on or after the operative date specified in section 17 of this 2021 Act and to in-**
20 **dustrial hemp items processed on or after the operative date specified in section 17 of this**
21 **2021 Act.**

22 **SECTION 17. (1) Sections 9 and 14 of this 2021 Act and the amendments to ORS 431A.175,**
23 **475B.025, 475B.550, 475B.555, 475B.560, 475B.565, 475B.600, 475B.605, 475B.610 and 571.330 by**
24 **sections 2 to 7, 10 to 12 and 15 of this 2021 Act become operative on January 1, 2022.**

25 **(2) The Oregon Health Authority, Oregon Liquor Control Commission and the State De-**
26 **partment of Agriculture may take any action before the operative date specified in sub-**
27 **section (1) of this section that is necessary to enable the authority, commission and**
28 **department to exercise, on or after the operative date specified in subsection (1) of this**
29 **section, all of the duties, functions and powers conferred on the authority, commission and**
30 **department by sections 9 and 14 of this 2021 Act and the amendments to ORS 431A.175,**
31 **475B.025, 475B.550, 475B.555, 475B.560, 475B.565, 475B.600, 475B.605, 475B.610 and 571.330 by**
32 **sections 2 to 7, 10 to 12 and 15 of this 2021 Act.**

33 **SECTION 18. This 2021 Act takes effect on the 91st day after the date on which the 2021**
34 **regular session of the Eighty-first Legislative Assembly adjourns sine die.**

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