

A-Engrossed
House Bill 4016

Ordered by the House February 17
Including House Amendments dated February 17

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Economic Recovery and Prosperity for Representative John Lively)

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.

Authorizes Oregon Liquor and Cannabis Commission to, based on supply of and demand for marijuana, refuse to issue initial marijuana production, **processing, wholesale and retail** licenses for amount of time commission determines necessary. Requires commission to study effects of refusal to issue production licenses and submit report annually to **committee or interim committee** of Legislative Assembly related to economic development. [*Authorizes State Department of Agriculture to, based on supply of and demand for industrial hemp, refuse to issue industrial hemp grower licenses for amount of time department determines necessary. Requires department to study effects of refusal to issue grower licenses and submit report annually to interim committee of Legislative Assembly related to agriculture.*] Sunsets authority March 31, 2024.

Allows commission to establish by rule program to assign expired, relinquished or otherwise surrendered licenses to qualified applicants. Becomes operative July 1, 2022.

[*Subjects building or premises used for unlawful growing or handling of industrial hemp to lien and allows building or premises to be sold to pay all fines and costs. Allows immediate enforcement of lien by civil action. Requires employee or worker of marijuana licensee to report human trafficking on licensed premises to commission. Directs commission to establish human trafficking coordinator position.*] Authorizes commission to allow certain licensed marijuana retailers to relocate to other premises without obtaining new license. Specifies that building or premises used for unlawful marijuana production, processing, sale or use may be sold to pay all fines and costs. Allows immediate enforcement of lien by civil action. Becomes operative January 1, 2023.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to cannabis; creating new provisions; amending ORS 475C.105, 475C.409 and 475C.608; and
3 declaring an emergency.

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

MARIJUANA MORATORIA

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8 **SECTION 1. (1) The Oregon Liquor and Cannabis Commission may, based on the supply**
9 **of and demand for marijuana, as defined in ORS 475C.009, refuse to issue production licenses**
10 **under ORS 475C.065, processor licenses under ORS 475C.085, wholesale licenses under ORS**
11 **475C.093 and retail licenses under ORS 475C.097 for an amount of time that the commission**
12 **determines necessary.**

13 **(2) Subsection (1) of this section does not apply to the renewal of a license described in**
14 **subsection (1) of this section or to the issuance or reissuance of a license described in sub-**
15 **section (1) of this section necessitated by a change in the location or ownership of a pro-**
16 **duction, processing, wholesale or retail facility or premises.**

17 **(3)(a) Except as provided in paragraph (b) of this subsection, the commission shall pro-**

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 cess an application for a license described in subsection (1) of this section if the application
2 was received on or before January 1, 2022.

3 (b) An applicant that submitted an application described in paragraph (a) of this sub-
4 section that did not submit a land use compatibility statement required under ORS 475C.053
5 may submit the land use compatibility statement within 21 days of the effective date of this
6 2022 Act. If the land use compatibility statement is timely submitted, the commission shall
7 process the application. If a land use compatibility statement is not timely submitted, the
8 commission shall inactivate the application.

9 (4) An applicant that submitted an application for a license described in subsection (1)
10 of this section on or before January 1, 2022, may not change:

11 (a) The location for which an application was submitted; or

12 (b) Fifty-one percent or more of the ownership of the production, processing, wholesale
13 or retail facility or premises for which the application for licensure was submitted.

14 (5) The commission shall inactivate an application for a license described in subsection
15 (1) of this section that was received after January 1, 2022.

16 (6)(a) The commission shall adopt rules to establish timelines for the completion of ap-
17 plications for licenses described in subsection (1) of this section, including rules to specify
18 times by which an applicant must complete any necessary steps for licensing after the
19 applicant's application is assigned to a commission staff member for processing.

20 (b) The commission may adopt other rules as necessary to carry out this section, in-
21 cluding rules that enable the commission to pause the processing of an application that has
22 been assigned to a commission staff member in consideration of commission resources to
23 process applications.

24 (7)(a) The commission shall study the effects of subsections (1) to (6) of this section on
25 the marijuana industry.

26 (b) Not later than March 20 of each year, the commission shall submit a report to a
27 committee or an interim committee of the Legislative Assembly related to economic devel-
28 opment, in the manner provided in ORS 192.245, on the findings of the study described in this
29 subsection.

30 **SECTION 2.** Section 1 of this 2022 Act is repealed on March 31, 2024.

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32 **MARIJUANA LICENSE ASSIGNMENT PROGRAM**

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34 **SECTION 3.** Section 4 of this 2022 Act is added to and made a part of ORS 475C.005 to
35 475C.525.

36 **SECTION 4.** (1) The Oregon Liquor and Cannabis Commission may adopt rules to estab-
37 lish a program to assign expired, relinquished or otherwise suspended licenses issued under
38 ORS 475C.005 to 475C.525 to qualified applicants.

39 (2) In establishing and operating the program described in subsection (1) of this section,
40 the commission may consult with other state agencies, including the Governor's office, as
41 the commission determines is necessary.

42 (3) The commission may adopt other rules as necessary to carry out this section.

43 **SECTION 5.** (1) Section 4 of this 2022 Act becomes operative on July 1, 2022.

44 (2) The Oregon Liquor and Cannabis Commission may take any action before the opera-
45 tive date specified in subsection (1) of this section that is necessary to enable the commission

1 **to exercise, on and after the operative date specified in subsection (1) of this section, all of**
2 **the duties, functions and powers conferred on the commission by section 4 of this 2022 Act.**

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4 **OTHER AMENDMENTS**

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6 **SECTION 6.** ORS 475C.105 is amended to read:

7 475C.105. (1) If a school described in ORS 475C.097 (2)(d) that has not previously been attended
8 by children is established within 1,000 feet of a premises for which a license has been issued under
9 ORS 475C.097, the marijuana retailer located at that premises may remain at that location unless
10 the Oregon Liquor and Cannabis Commission revokes the license of the marijuana retailer under
11 ORS 475C.265.

12 **(2)(a) If the commission issues a license for a premises under ORS 475C.097 and, after**
13 **issuance, the commission becomes aware that a school is located within 1,000 feet of the**
14 **premises, the commission may allow the marijuana retailer to relocate to a premises that**
15 **is not within 1,000 feet of the school without applying for and being issued a new license**
16 **under ORS 475C.097.**

17 **(b) The commission may adopt rules to carry out this subsection.**

18 **SECTION 7.** ORS 475C.409 is amended to read:

19 475C.409. If the owner of a building or premises knowingly has used the building or premises for,
20 or allowed the building or premises to be occupied for, the production, processing, sale or use of
21 marijuana items contrary to the provisions of ORS 475C.005 to 475C.525, 475C.540 to 475C.586,
22 475C.600 to 475C.648 or 475C.770 to 475C.919, or contrary to the provisions of any other state law
23 or local ordinance regulating the production, processing, sale or use of marijuana items, the building
24 or premises is subject to a lien for, and may be sold to pay all fines and costs, **including but not**
25 **limited to any costs of cleanup and removal of marijuana**, assessed against the occupants of the
26 building or premises for, any violation of ORS 475C.005 to 475C.525, 475C.540 to 475C.586, 475C.600
27 to 475C.648 or 475C.770 to 475C.919, or any other state law or local ordinance regulating the pro-
28 duction, processing, sale or use of marijuana items. The lien *[must]* **may** be enforced immediately
29 by civil action in a court that has jurisdiction over the area in which the building or premises is
30 located, by the district attorney of the county in which the building or premises is located.

31 **SECTION 8.** ORS 475C.608 is amended to read:

32 475C.608. (1) As used in this section:

33 (a) "Licensee" has the meaning given that term in ORS 475C.009.

34 (b) "Registrant" means a person registered under ORS 475C.770 to 475C.919.

35 (2) The Oregon Liquor and Cannabis Commission may by rule require a licensee or person re-
36 sponsible for the labeling of an inhalant delivery system that contains an industrial hemp-derived
37 vapor item, and the Oregon Health Authority may by rule require a registrant, to submit a label
38 intended for use on a marijuana item or an inhalant delivery system that contains an industrial
39 hemp-derived vapor item for preapproval by the commission before the licensee, **person** or regis-
40 trant may sell or transfer a marijuana item or an inhalant delivery system that contains an indus-
41 trial hemp-derived vapor item bearing the label. The commission shall determine whether a label
42 submitted under this section complies with ORS 475C.604 and any rule adopted under ORS 475C.604.

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

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CAPTIONS

SECTION 9. The unit captions used in this 2022 Act are provided only for the convenience of the reader and do not become part of the statutory law of this state or express any legislative intent in the enactment of this 2022 Act.

OPERATIVE AND EFFECTIVE DATES

SECTION 10. (1) The amendments to ORS 475C.105, 475C.409 and 475C.608 by sections 6 to 8 of this 2022 Act become operative on January 1, 2023.

(2) The Oregon Liquor and Cannabis Commission may take any action before the operative date specified in subsection (1) of this section that is necessary to enable the commission to exercise, on and after the operative date specified in subsection (1) of this section, all of the duties, functions and powers conferred on the commission by the amendments to ORS 475C.105, 475C.409 and 475C.608 by sections 6 to 8 of this 2022 Act.

SECTION 11. This 2022 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2022 Act takes effect on its passage.