

LC 6
2026 Regular Session
1/9/26 (SCT/ps)

D R A F T

SUMMARY

Digest: The Act says what the term “industrial hemp-derived cannabinoid product” means. The Act tells the OLCC and the ODA to inspect some premises and to have law enforcement join the OLCC and the ODA for the inspections. The Act also makes changes to other laws that regulate cannabis. (Flesch Readability Score: 60.1).

Defines “container” and “industrial hemp-derived cannabinoid product.” Changes the definition of “adult use cannabis item.” Imposes a retail sales tax on industrial hemp-derived cannabinoid products. Directs the Oregon Liquor and Cannabis Commission to immediately suspend a license to produce marijuana for specified reasons. Directs the commission to inspect a premises licensed by the commission without advance notice for specified reasons and to request that law enforcement accompany the commission to the premises.

Requires the State Department of Agriculture to complete a criminal records check on an applicant for an industrial hemp handler license. Requires an applicant for an industrial hemp grower license to provide a land use compatibility statement and information related to land ownership to the department. Directs the department to inspect a premises licensed by the department without advance notice for specified reasons and to request that law enforcement accompany the department to the premises.

Takes effect on the 91st day following adjournment sine die.

1 A BILL FOR AN ACT

2 Relating to cannabis; creating new provisions; amending ORS 475C.009,
3 475C.157, 475C.257, 475C.265, 475C.540, 475C.600, 475C.670, 475C.674,
4 475C.718, 475C.728, 475C.777, 571.281, 571.282, 571.283, 571.284, 571.309,
5 571.319, 571.322 and 571.339; prescribing an effective date; and providing
6 for revenue raising that requires approval by a three-fifths majority.

7 Be It Enacted by the People of the State of Oregon:

8

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.

ADULT USE CANNABIS ITEMS

SECTION 1. Section 2 of this 2026 Act is added to and made a part of ORS 475C.005 to 475C.525.

SECTION 2. (1)(a) As used in this section, “container” means the innermost wrapping, packaging or vessel in direct contact with a final marijuana item in which the final marijuana item product is enclosed for retail sale to a consumer.

(b) "Container" does not mean a bulk shipping container or outer trapping that are not essential for the final retail delivery or sale of the marijuana item to a consumer for personal use.

(2) The Oregon Liquor and Cannabis Commission shall ensure that the concentration limit of adult use cannabinoids established by rule under ORS 475C.009 (20) includes a per container concentration limit for adult use cannabinoids.

SECTION 3. ORS 475C.009 is amended to read:

475C.009. As used in ORS 475C.005 to 475C.525:

(1) "Adult use cannabinoid" includes, but is not limited to, tetrahydrocannabinols, tetrahydrocannabinolic acids that are artificially or naturally derived, delta-8-tetrahydrocannabinol, delta-9-tetrahydrocannabinol, the optical isomers of delta-8-tetrahydrocannabinol or delta-9-tetrahydrocannabinol and any artificially derived cannabinoid that is reasonably determined to have an intoxicating effect.

(2) "Adult use cannabis item" means:

(a) A marijuana item; or

[(b) An industrial hemp commodity or product that exceeds:]

[(A) the concentration of adult use cannabinoids established by the Oregon Liquor and Cannabis Commission, in consultation with the Oregon Health Authority and the State Department of Agriculture, by rule; or]

[*(B) The greater of:*]

(i) A concentration of more than 0.3 percent total

1 *delta-9-tetrahydrocannabinol; or]*

2 *[(ii) The concentration of total delta-9-tetrahydrocannabinol allowed under*
3 *federal law]*

4 **(b) An industrial hemp-derived cannabinoid product.**

5 (3)(a) “Artificially derived cannabinoid” means a chemical substance that
6 is created by a chemical reaction that changes the molecular structure of
7 any chemical substance derived from the plant Cannabis family Cannabaceae.

8 (b) “Artificially derived cannabinoid” does not include:

9 (A) A naturally occurring chemical substance that is separated from the
10 plant Cannabis family Cannabaceae by a chemical or mechanical extraction
11 process;

12 (B) Cannabinoids that are produced by decarboxylation from a naturally
13 occurring cannabinoid acid without the use of a chemical catalyst; or

14 (C) Any other chemical substance identified by the commission, in con-
15 sultation with the authority and the department, by rule.

16 (4) “Cannabinoid” means any of the chemical compounds that are the ac-
17 tive constituents derived from marijuana.

18 (5) “Cannabinoid concentrate” means a substance obtained by separating
19 cannabinoids from marijuana by:

20 (a) A mechanical extraction process;

21 (b) A chemical extraction process using a nonhydrocarbon-based solvent,
22 such as water, vegetable glycerin, vegetable oils, animal fats, isopropyl al-
23 cohol or ethanol;

24 (c) A chemical extraction process using carbon dioxide, provided that the
25 process does not involve the use of high heat or pressure; or

26 (d) Any other process identified by the commission, in consultation with
27 the authority, by rule.

28 (6) “Cannabinoid edible” means food or potable liquid into which a
29 cannabinoid concentrate, cannabinoid extract or dried marijuana leaves or
30 flowers have been incorporated.

31 (7) “Cannabinoid extract” means a substance obtained by separating

1 cannabinoids from marijuana by:

2 (a) A chemical extraction process using a hydrocarbon-based solvent, such
3 as butane, hexane or propane;

4 (b) A chemical extraction process using carbon dioxide, if the process uses
5 high heat or pressure; or

6 (c) Any other process identified by the commission, in consultation with
7 the authority, by rule.

8 (8)(a) “Cannabinoid product” means a cannabinoid edible and any other
9 product intended for human consumption or use, including a product in-
10 tended to be applied to the skin or hair, that contains cannabinoids or dried
11 marijuana leaves or flowers.

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

13 (A) Usable marijuana by itself;

14 (B) A cannabinoid concentrate by itself;

15 (C) A cannabinoid extract by itself; or

16 (D) Industrial hemp, **other than an industrial hemp-derived**
17 **cannabinoid product.**

18 (9) “Consumer” means a person who purchases, acquires, owns, holds or
19 uses marijuana items other than for the purpose of resale.

20 (10) “Deliver” means the actual, constructive or attempted transfer from
21 one person to another of a marijuana item, whether or not there is an agency
22 relationship.

23 (11) “Delta-9-tetrahydrocannabinol” or “delta-9-THC” means
24 (6aR,10aR)-6,6,9- trimethyl-3-pentyl-6a,7,8,10a-tetrahydro-6H-
25 benzo[c]chromen-1-ol.

26 (12) “Delta-9-tetrahydrocannabinolic acid” or “delta-9-THCA” means
27 (6aR,10aR)- 1-hydroxy-6,6,9-trimethyl-3-pentyl-6a,7,8,10a-
28 tetrahydro-6H-benzo[c]chromene-2-carboxylic acid.

29 (13) “Designated primary caregiver” has the meaning given that term in
30 ORS 475C.777.

31 (14)(a) “Financial consideration” means value that is given or received

1 either directly or indirectly through sales, barter, trade, fees, charges, dues,
2 contributions or donations.

3 (b) "Financial consideration" does not include marijuana, cannabinoid
4 products or cannabinoid concentrates that are delivered within the scope of
5 and in compliance with ORS 475C.305.

6 (15) "Homegrown" means grown by a person 21 years of age or older for
7 noncommercial purposes.

8 (16) "Household" means a housing unit and any place in or around a
9 housing unit at which the occupants of the housing unit are producing,
10 processing, possessing or storing homegrown marijuana, cannabinoid pro-
11 ducts, cannabinoid concentrates or cannabinoid extracts.

12 (17) "Housing unit" means a house, an apartment or a mobile home, or a
13 group of rooms or a single room that is occupied as separate living quarters,
14 in which the occupants live and eat separately from any other persons in the
15 building and that has direct access from the outside of the building or
16 through a common hall.

17 (18) "Immature marijuana plant" means a marijuana plant that is not
18 flowering.

19 (19) "Industrial hemp" has the meaning given that term in ORS 571.269.

20 **(20) "Industrial hemp-derived cannabinoid product"** means an in-
21 **dustrial hemp commodity or product that exceeds the concentration**
22 **of adult use cannabinoids established by the Oregon Liquor and**
23 **Cannabis Commission, in consultation with the Oregon Health Au-**
24 **thority and the State Department of Agriculture, by rule, as informed**
25 **by relevant federal law and regulations.**

26 [(20)] **(21)** "Licensee" means a person that holds a license issued under
27 ORS 475C.065, 475C.085, 475C.093, 475C.097 or 475C.548.

28 [(21)] **(22)** "Licensee representative" means an owner, director, officer,
29 manager, employee, agent or other representative of a licensee, to the extent
30 that the person acts in a representative capacity.

31 [(22)(a)] **(23)(a)** "Manufacture" means producing, propagating, preparing,

1 compounding, converting or processing a marijuana item, either directly or
2 indirectly, by extracting from substances of natural origin.

3 (b) "Manufacture" includes any packaging or repackaging of a marijuana
4 item or the labeling or relabeling of a container containing a marijuana
5 item.

6 [(23)(a)] **(24)(a)** "Marijuana" means the plant Cannabis family
7 Cannabaceae, any part of the plant Cannabis family Cannabaceae and
8 marijuana seeds.

9 (b) "Marijuana" does not include:

10 (A) Industrial hemp, **other than an industrial hemp-derived**
11 **cannabinoid product**; or

12 (B) Prescription drugs, as that term is defined in ORS 689.005, including
13 those containing one or more cannabinoids, that are approved by the United
14 States Food and Drug Administration and dispensed by a pharmacy, as de-
15 fined in ORS 689.005.

16 [(24)] **(25)** "Marijuana flowers" means the flowers of the plant genus
17 Cannabis within the plant family Cannabaceae.

18 [(25)] **(26)** "Marijuana items" means marijuana, cannabinoid products,
19 cannabinoid concentrates and cannabinoid extracts.

20 [(26)] **(27)** "Marijuana leaves" means the leaves of the plant genus
21 Cannabis within the plant family Cannabaceae.

22 [(27)] **(28)** "Marijuana processor" means:

23 (a) A person that processes marijuana items in this state; or

24 (b) A person that holds a license issued under ORS 475C.085 and processes
25 industrial hemp commodities or products pursuant to ORS 571.336.

26 [(28)] **(29)** "Marijuana producer" means a person that produces marijuana
27 in this state.

28 [(29)] **(30)** "Marijuana retailer" means a person that sells marijuana items
29 to a consumer in this state.

30 [(30)(a)] **(31)(a)** "Marijuana seeds" means the seeds of the plant Cannabis
31 family Cannabaceae.

1 (b) "Marijuana seeds" does not include the seeds of industrial hemp.

2 [(31)] (32) "Marijuana wholesaler" means a person that purchases
3 marijuana items in this state for resale to a person other than a consumer.

4 [(32)] (33) "Mature marijuana plant" means a marijuana plant that is not
5 an immature marijuana plant.

6 [(33)] (34) "Medical grade cannabinoid product, cannabinoid concentrate
7 or cannabinoid extract" means a cannabinoid product, cannabinoid concen-
8 trate or cannabinoid extract that has a concentration of adult use
9 cannabinoids that is permitted under ORS 475C.620 in a single serving of the
10 cannabinoid product, cannabinoid concentrate or cannabinoid extract for
11 consumers who hold a valid registry identification card issued under ORS
12 475C.783.

13 [(34)] (35) "Medical purpose" means a purpose related to using usable
14 marijuana, cannabinoid products, cannabinoid concentrates or cannabinoid
15 extracts to mitigate the symptoms or effects of a debilitating medical condi-
16 tion, as defined in ORS 475C.777.

17 [(35)] (36) "Noncommercial" means not dependent or conditioned upon the
18 provision or receipt of financial consideration.

19 [(36)(a)] (37)(a) "Premises" includes the following areas of a location li-
20 censed under ORS 475C.005 to 475C.525 or 475C.548:

21 (A) All public and private enclosed areas at the location that are used in
22 the business operated at the location, including offices, kitchens, rest rooms
23 and storerooms;

24 (B) All areas outside a building that the commission has specifically li-
25 censed for the processing, wholesale sale or retail sale of marijuana items;
26 and

27 (C) For a location that the commission has specifically licensed for the
28 production of marijuana outside a building, that portion of the location used
29 to produce marijuana.

30 (b) "Premises" does not include a primary residence.

31 [(37)(a)] (38)(a) "Processes" means the processing, compounding or con-

1 version of:

2 (A) Marijuana into cannabinoid products, cannabinoid concentrates or
3 cannabinoid extracts; or

4 (B) Pursuant to ORS 571.336, industrial hemp or industrial hemp com-
5 modities or products into industrial hemp commodities or products that
6 contain cannabinoids and are intended for human consumption or use.

7 (b) "Processes" does not include packaging or labeling.

8 [(38)(a)] (39)(a) "Produces" means the manufacture, planting, cultivation,
9 growing or harvesting of marijuana.

10 (b) "Produces" does not include:

11 (A) The drying of marijuana by a marijuana processor, if the marijuana
12 processor is not otherwise producing marijuana; or

13 (B) The cultivation and growing of an immature marijuana plant by a
14 marijuana processor, marijuana wholesaler or marijuana retailer if the
15 marijuana processor, marijuana wholesaler or marijuana retailer purchased
16 or otherwise received the plant from a licensed marijuana producer.

17 [(39)] (40) "Propagate" means to grow immature marijuana plants or to
18 breed or produce marijuana seeds.

19 [(40)] (41) "Public place" means a place to which the general public has
20 access and includes, but is not limited to, hallways, lobbies and other parts
21 of apartment houses and hotels not constituting rooms or apartments de-
22 signed for actual residence, and highways, streets, schools, places of
23 amusement, parks, playgrounds and areas used in connection with public
24 passenger transportation.

25 [(41)] (42) "Registry identification cardholder" has the meaning given that
26 term in ORS 475C.777.

27 [(42)] (43) "Total delta-9-tetrahydrocannabinol" or "total delta-9-THC"
28 means the sum of the concentration or mass of delta-9-THCA multiplied by
29 0.877 plus the concentration or mass of delta-9-THC.

30 [(43)(a)] (44)(a) "Usable marijuana" means the dried leaves and flowers
31 of marijuana.

1 (b) "Usable marijuana" does not include:
2 (A) Marijuana seeds;
3 (B) The stalks and roots of marijuana; or
4 (C) Waste material that is a by-product of producing or processing
5 marijuana.

6 **SECTION 4.** ORS 475C.157 is amended to read:

7 475C.157. (1) The Oregon Liquor and Cannabis Commission may, after 72
8 hours' notice, make an examination of the books of a licensee for the purpose
9 of determining compliance with ORS 475C.005 to 475C.525 and 475C.540 to
10 475C.586 and rules adopted under ORS 475C.005 to 475C.525 and 475C.540 to
11 475C.586.

12 (2)(a) The commission may at any time make an examination of a premises
13 for which a license has been issued under ORS 475C.005 to 475C.525 or
14 475C.548 for the purpose of determining compliance with ORS 475C.005 to
15 475C.525 and 475C.540 to 475C.586 and rules adopted under ORS 475C.005 to
16 475C.525 and 475C.540 to 475C.586.

17 **(b) If the commission has, or receives from a law enforcement
18 agency or other source, information that, in the opinion of the com-
19 mission, describes circumstances creating probable cause to believe
20 that the premises for which a license issued under ORS 475C.005 to
21 475C.525 or 475C.548 is being used for unlawful marijuana cultivation
22 or distribution operations, the commission shall inspect the premises
23 and shall request that law enforcement officers accompany the com-
24 mission to the premises for the inspection.**

25 (3) The commission may not require the books of a licensee to be maintained
26 on a premises of the licensee.

27 (4) This section does not authorize the commission to make an examination
28 of a premises of a person registered under ORS 475C.770 to 475C.919.

29 **SECTION 5.** ORS 475C.257 is amended to read:

30 475C.257. (1) As used in this section:

31 (a) "Consumer" means a person who purchases, acquires, owns, holds or

1 uses marijuana items other than for the purpose of resale.

2 (b) "Marijuana item" includes [*an industrial hemp commodity or product*
3 *that exceeds:*]

4 [(A) *The concentration of adult use cannabinoids established by the Oregon*
5 *Liquor and Cannabis Commission, in consultation with the Oregon Health*
6 *Authority and the State Department of Agriculture, by rule; or*]

7 [(B) *The greater of:*]

8 [(i) *A concentration of 0.3 percent total delta-9-tetrahydrocannabinol; or*]

9 [(ii) *The concentration of total delta-9-tetrahydrocannabinol allowed under*
10 **federal law**] **an industrial hemp-derived cannabinoid product.**

11 (2) A person other than a marijuana retailer that holds a license issued
12 under ORS 475C.097 may not sell marijuana items to a consumer.

13 **SECTION 6.** ORS 475C.265 is amended to read:

14 475C.265. (1) Subject to subsection (3) of this section, the Oregon Liquor
15 and Cannabis Commission may revoke, suspend or restrict a license issued
16 under ORS 475C.005 to 475C.525 or 475C.548 or require a licensee or licensee
17 representative to undergo training if the commission finds or has reasonable
18 ground to believe that the licensee or licensee representative:

19 (a) Has violated a provision of ORS 475C.005 to 475C.525 or 475C.540 to
20 475C.586 or a rule adopted under ORS 475C.005 to 475C.525 or 475C.540 to
21 475C.586.

22 (b) Has diverted marijuana to the interstate market or an illicit market
23 or has diverted resources to a criminal enterprise.

24 (c) Has introduced into the marijuana industry regulated under ORS
25 475C.005 to 475C.525 cannabinoids or marijuana not produced or processed
26 by a licensee and not tracked in the system developed and maintained under
27 ORS 475C.177.

28 (d) Has made any false representation or statement to the commission
29 regarding compliance with a provision of ORS 475C.005 to 475C.525 or
30 475C.540 to 475C.586 or a rule adopted under ORS 475C.005 to 475C.525 or
31 475C.540 to 475C.586 in order to induce or prevent action by the commission.

1 (e) Is in the habit of using alcoholic liquor, habit-forming drugs,
2 marijuana or controlled substances to excess.

3 (f) Has misrepresented to a customer or the public any marijuana items
4 sold by the licensee or licensee representative.

5 (g) Since the issuance of the license, has been convicted of a felony, of
6 violating any of the marijuana laws of this state, general or local, or of any
7 misdemeanor or violation of any municipal ordinance committed on the
8 premises for which the license has been issued.

9 (h) Has sold a marijuana item to a person under 21 years of age.

10 (2) In addition to the grounds listed in subsection (1) of this section, the
11 commission may take an action described in subsection (1) of this section if
12 there is a history of a lack of institutional control involving the premises
13 for which a license has been issued under ORS 475C.005 to 475C.525 or
14 475C.548.

15 (3)(a) The commission may revoke a license under subsection (1)(a) of this
16 section only when the conduct poses a significant risk to public health or
17 safety.

18 (b) The commission shall consider as mitigating factors to the conduct
19 described in subsection (1) of this section the following:

20 (A) Self-reporting by a licensee or applicant;

21 (B) A demonstration that, to the satisfaction of the commission, the con-
22 duct of the licensee or applicant is not persistent or serious; and

23 (C) A demonstration that, to the satisfaction of the commission, the
24 licensee's willingness and ability to adequately control the premises for
25 which a license has been issued under ORS 475C.005 to 475C.525 or 475C.548
26 and any inventory stored at the premises.

27 (4) The commission may suspend or restrict a license issued under ORS
28 475C.005 to 475C.525 or 475C.548 or require a licensee or licensee represen-
29 tative to undergo training if the commission finds or has reasonable grounds
30 to believe that the licensee or licensee representative has violated a pro-
31 vision of ORS 475C.005 to 475C.525 or 475C.540 to 475C.586 or a rule adopted

1 under ORS 475C.005 to 475C.525 or 475C.540 to 475C.586.

2 (5) The commission may suspend or revoke a permit or temporary permit
3 issued under ORS 475C.273 to an individual rather than suspend or revoke
4 a license issued under ORS 475C.005 to 475C.525 or 475C.548 if the commis-
5 sion determines that permit suspension or revocation is more appropriate.

6 (6)(a) The commission may revoke a marijuana retailer license issued
7 under ORS 475C.097 if the licensee fails to:

8 (A) Pay the tax as required under ORS 475C.682 twice in any four con-
9 secutive quarters and the Department of Revenue has issued to the licensee
10 a distraint warrant under ORS 475C.688 for the nonpayment of tax; or

11 (B) File a return as required under ORS 475C.682 twice in any four con-
12 secutive quarters and the department has issued to the licensee a notice of
13 determination and assessment under ORS 475C.688 for failure to file a return.

14 (b) The department's written notice to the commission that a licensee
15 described under this subsection has failed to pay a tax or file a return twice
16 in any four consecutive quarters, and that the department has issued a
17 distraint warrant or notice of determination and assessment, shall constitute
18 *prima facie* evidence of the licensee's failure to pay the tax or file a return.

19 **(7)(a) The commission shall immediately suspend a production li-
20 cense issued under ORS 475C.065 if the commission receives from a law
21 enforcement agency or other source information that, in the opinion
22 of the commission, describes circumstances creating probable cause
23 to believe that the premises for which the production license is issued
24 under ORS 475C.065 is being used for unlawful marijuana cultivation
25 or distribution operations.**

26 **(b) A production license suspended under this subsection is non-
27 transferrable until the final disposition of the commission's action
28 related to the suspension. If the final determination of the commission
29 is that the premises for which the suspended production license was
30 issued under ORS 475C.065 was used for unlawful marijuana cultivation
31 or distribution operations, the commission shall revoke the production**

1 **license.**

2 **(c) The commission may not issue a new license for a premises de-**
3 **scribed in paragraph (b) of this subsection until 10 years after the date**
4 **on which the commission's action related to the license described in**
5 **paragraph (b) of this section was finalized unless the owner of the**
6 **premises can demonstrate to the satisfaction of the commission that**
7 **the owner lacked knowledge that the premises was used for unlawful**
8 **marijuana cultivation or distribution operations.**

9 **SECTION 7.** ORS 475C.540 is amended to read:

10 **475C.540.** As used in ORS 475C.540 to 475C.586:

11 (1) “Adult use cannabinoid” includes, but is not limited to,
12 tetrahydrocannabinols, tetrahydrocannabinolic acids that are artificially or
13 naturally derived, delta-8-tetrahydrocannabinol, delta-9-
14 tetrahydrocannabinol, the optical isomers of delta-8-tetrahydrocannabinol or
15 delta-9-tetrahydrocannabinol and any artificially derived cannabinoid that is
16 reasonably determined to have an intoxicating effect.

17 (2) “Artificially derived cannabinoid” has the meaning given that term in
18 ORS 475C.009.

19 (3) “Cannabinoid” means any of the chemical compounds that are the ac-
20 tive constituents of marijuana.

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

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

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

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

1 (A) Usable marijuana by itself;
2 (B) A cannabinoid concentrate or extract by itself; or
3 (C) Industrial hemp, **other than an industrial hemp-derived**
4 **cannabinoid product, as defined in ORS 475C.009.**

5 (7) "Industrial hemp" has the meaning given that term in ORS 571.269.

6 (8) "Industrial hemp-derived vapor item" means an industrial hemp con-
7 centrate or industrial hemp extract, as those terms are defined in ORS
8 571.269, whether alone or combined with other substances, that is intended
9 for use in an inhalant delivery system.

10 (9) "Inhalant delivery system" has the meaning given that term in ORS
11 431A.175.

12 (10)(a) "Marijuana" means the plant Cannabis family Cannabaceae, any
13 part of the plant Cannabis family Cannabaceae and the seeds of the plant
14 Cannabis family Cannabaceae.

15 (b) "Marijuana" does not include:

16 (A) Industrial hemp, **other than an industrial hemp-derived**
17 **cannabinoid product, as defined in ORS 475C.009;** or

18 (B) Prescription drugs, as that term is defined in ORS 689.005, including
19 those containing one or more cannabinoids, that are approved by the United
20 States Food and Drug Administration and dispensed by a pharmacy, as de-
21 fined in ORS 689.005.

22 (11) "Marijuana item" means marijuana, usable marijuana, a cannabinoid
23 product or a cannabinoid concentrate or extract.

24 (12) "Processing" means:

25 (a) The compounding or conversion of marijuana into cannabinoid pro-
26 ducts or cannabinoid concentrates or extracts.

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

29 (13) "Producing" means:

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

1 (14)(a) “Usable marijuana” means the dried leaves and flowers of
2 marijuana.

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

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

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

7 **SECTION 8.** ORS 475C.600 is amended to read:

8 475C.600. As used in ORS 475C.600 to 475C.648:

9 (1) “Adult use cannabinoid” includes, but is not limited to,
10 tetrahydrocannabinols, tetrahydrocannabinolic acids that are artificially or
11 naturally derived, delta-8-tetrahydrocannabinol, delta-9-
12 tetrahydrocannabinol, the optical isomers of delta-8-tetrahydrocannabinol or
13 delta-9-tetrahydrocannabinol and any artificially derived cannabinoid that is
14 reasonably determined to have an intoxicating effect.

15 (2) “Artificially derived cannabinoid” has the meaning given that term in
16 ORS 475C.009.

17 (3) “Cannabinoid” means any of the chemical compounds that are the ac-
18 tive constituents of marijuana.

19 (4) “Cannabinoid concentrate or extract” means a substance obtained by
20 separating cannabinoids from marijuana by a mechanical, chemical or other
21 process.

22 (5) “Cannabinoid edible” means food or potable liquid into which a
23 cannabinoid concentrate or extract or the dried leaves or flowers of
24 marijuana have been incorporated.

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

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

30 (A) Usable marijuana by itself;

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

1 (C) Industrial hemp, **other than an industrial hemp-derived**
2 **cannabinoid product, as defined in ORS 475C.009.**

3 (7) "Industrial hemp" has the meaning given that term in ORS 571.269.

4 (8) "Industrial hemp-derived vapor item" means an industrial hemp con-
5 centrate or industrial hemp extract, as those terms are defined in ORS
6 571.269, whether alone or combined with other substances, that is intended
7 for use in an inhalant delivery system.

8 (9) "Inhalant delivery system" has the meaning given that term in ORS
9 431A.175.

10 (10)(a) "Marijuana" means the plant Cannabis family Cannabaceae, any
11 part of the plant Cannabis family Cannabaceae and the seeds of the plant
12 Cannabis family Cannabaceae.

13 (b) "Marijuana" does not include:

14 (A) Industrial hemp, **other than an industrial hemp-derived**
15 **cannabinoid product, as defined in ORS 475C.009; or**

16 (B) Prescription drugs, as that term is defined in ORS 689.005, including
17 those containing one or more cannabinoids, that are approved by the United
18 States Food and Drug Administration and dispensed by a pharmacy, as de-
19 fined in ORS 689.005.

20 (11) "Marijuana item" means marijuana, usable marijuana, a cannabinoid
21 product or a cannabinoid concentrate or extract.

22 (12) "Processing" means:

23 (a) The compounding or conversion of marijuana into cannabinoid pro-
24 ducts or cannabinoid concentrates or extracts.

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

27 (13) "Producing" means:

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

30 (14) "Total delta-9-THC" has the meaning given that term in ORS
31 475C.009.

1 (15)(a) “Usable marijuana” means the dried leaves and flowers of
2 marijuana.

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

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

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

7 **SECTION 9.** ORS 475C.670 is amended to read:

8 475C.670. As used in ORS 475C.670 to 475C.734:

9 (1) “Cannabinoid concentrate,” “cannabinoid edible,” “cannabinoid ex-
10 tract,” “cannabinoid product,” “consumer,” “immature marijuana plant,”
11 **“industrial hemp-derived cannabinoid product,”** “marijuana flowers,”
12 “marijuana items,” “marijuana leaves,” “marijuana processor,” “marijuana
13 producer,” “marijuana retailer” and “usable marijuana” have the meanings
14 given those terms in ORS 475C.009.

15 (2) “Retail sale” means any transfer, exchange, gift or barter of a
16 marijuana item by any person to a consumer.

17 (3) “Retail sales price” means the price paid for a marijuana item, ex-
18 cluding tax, to a marijuana retailer by or on behalf of a consumer of the
19 marijuana item.

20 **SECTION 10.** ORS 475C.674 is amended to read:

21 475C.674. (1) A tax is hereby imposed upon the retail sale of marijuana
22 items in this state. The tax imposed by this section is a direct tax on the
23 consumer, for which payment upon retail sale is required. The tax shall be
24 collected at the point of sale of a marijuana item by a marijuana retailer at
25 the time [*at which*] **when** the retail sale occurs.

26 (2) The tax imposed under this section shall be imposed at the rate of:

27 (a) 17 percent of the retail sales price of usable marijuana;

28 (b) 17 percent of the retail sales price of immature marijuana plants;

29 (c) 17 percent of the retail sales price of a cannabinoid edible;

30 (d) 17 percent of the retail sales price of a cannabinoid concentrate;

31 (e) 17 percent of the retail sales price of a cannabinoid extract;

1 (f) 17 percent of the retail sales price of a cannabinoid product that is
2 intended to be used by applying the cannabinoid product to the skin or hair;
3 [and]

4 (g) 17 percent of the retail sales price of cannabinoid products other than
5 those described in paragraph (f) of this subsection[.]; **and**

6 **(h) 17 percent of the retail sales price of an industrial hemp-derived**
7 **cannabinoid product.**

8 (3) If the tax imposed under this section does not equal an amount cal-
9 culable to a whole cent, the tax shall be equal to the next higher whole cent.

10 (4) Except as otherwise provided by the Department of Revenue by rule,
11 the amount of the tax shall be separately stated on an invoice, receipt or
12 other similar document that the marijuana retailer provides to the consumer
13 at the time [*at which*] **when** the retail sale occurs.

14 (5) A person may not knowingly sell, purchase, install, transfer or possess
15 electronic devices or software programs for the purposes of:

16 (a) Hiding or removing records of retail sales of marijuana items; or
17 (b) Falsifying records of retail sales of marijuana items.

18 (6)(a) A marijuana retailer may not discount a marijuana item or offer a
19 marijuana item for free if the retail sale of the marijuana item is made in
20 conjunction with the retail sale of any other item.

21 (b) Paragraph (a) of this subsection does not affect any provision of ORS
22 475C.005 to 475C.525 or any rule adopted by the Oregon Liquor and Cannabis
23 Commission pursuant to ORS 475C.005 to 475C.525 that is related to the re-
24 tail sale of marijuana items.

25 **SECTION 11.** ORS 475C.718 is amended to read:

26 475C.718. (1) The Department of Revenue may enter into an agreement
27 with the governing body of a federally recognized Indian tribe that is qual-
28 fied as described in this section for the purpose of making rebate payments
29 for an estimate of the tax on marijuana items imposed under ORS 475C.674
30 as described in this section.

31 (2) The governing body of a federally recognized Indian tribe is qualified

1 to enter into an agreement under this section if the governing body has en-
2 tered into an agreement with the Governor, or the Governor's designee,
3 pursuant to ORS 475C.521.

4 (3) The department shall provide rebates under this section for:

5 (a) Usable marijuana sold by a marijuana retailer that holds a license
6 issued under ORS 475C.097 that is produced by a marijuana producer that is
7 located on tribal trust land and licensed by the governing body of a federally
8 recognized Indian tribe that has entered into an agreement with the Gover-
9 nor, or the Governor's designee, pursuant to ORS 475C.521, provided that the
10 licensing of the marijuana producer comports with the agreement; *[and]*

11 (b) Cannabinoid concentrates, cannabinoid extracts or cannabinoid pro-
12 ducts sold by a marijuana retailer that holds a license issued under ORS
13 475C.097 that are processed by a marijuana processor that is located on
14 tribal trust land and licensed by the governing body of a federally recognized
15 Indian tribe that has entered into an agreement with the Governor, or the
16 Governor's designee, pursuant to ORS 475C.521, provided that the licensing
17 of the marijuana processor comports with the agreement $[.]$; **and**

18 **(c) Industrial hemp-derived cannabinoid products sold by a**
19 **marijuana retailer that holds a license issued under ORS 475C.097 that**
20 **are processed by a marijuana processor that is located on tribal trust**
21 **land and licensed by the governing body of a federally recognized In-**
22 **dian tribe that has entered into an agreement with the Governor, or**
23 **the Governor's designee, pursuant to ORS 475C.521, provided that the**
24 **licensing of the marijuana processor comports with the agreement.**

25 (4) Payments made by the department to a federally recognized Indian
26 tribe should represent the department's estimate of the amount of revenue
27 generated under ORS 475C.674 attributable to marijuana items:

28 (a) Produced by a marijuana producer that is located on tribal trust land
29 and licensed by the governing body of a federally recognized Indian tribe
30 that has entered into an agreement with the Governor, or the Governor's
31 designee, pursuant to ORS 475C.521, provided that the licensing of the

1 marijuana producer comports with the agreement; or

2 (b) Processed by a marijuana processor that is located on tribal trust land
3 and licensed by the governing body of a federally recognized Indian tribe
4 that has entered into an agreement with the Governor, or the Governor's
5 designee, pursuant to ORS 475C.521, provided that the licensing of the
6 marijuana processor comports with the agreement.

7 (5) There is continuously appropriated from the suspense account estab-
8 lished under ORS 475C.734 the amounts necessary to make rebates pursuant
9 to an agreement entered into under this section.

10 **SECTION 12.** ORS 571.309 is amended to read:

11 571.309. The Oregon Liquor and Cannabis Commission, in consultation
12 with the State Department of Agriculture **and as informed by relevant**
13 **federal law and regulations**, shall adopt rules to establish:

14 (1) The maximum concentration of tetrahydrocannabinol permitted in a
15 single serving of an industrial hemp product;

16 (2) The maximum concentration of any other cannabinoid, adult use
17 cannabinoid or artificially derived cannabinoid that is permitted in a single
18 serving of an industrial hemp product;

19 (3) The number of servings that are permitted in a package of industrial
20 hemp products; and

21 (4) Standards for approving industrial hemp products that contain arti-
22 ficially derived cannabinoids and that are intended for sale at retail. The
23 rules adopted under this subsection may not be more restrictive than the
24 rules applicable to the sale at retail of adult use cannabis items.

25 **SECTION 13.** ORS 571.339 is amended to read:

26 571.339. (1) *[For purposes of this section,]* **As used in this section:**

27 (a) **“Container” has the meaning given that term in section 2 of this**
28 **2026 Act.**

29 (b) **“Consumer” means a person that purchases, acquires, owns, holds or**
30 **uses an industrial hemp commodity or product other than for the purpose**
31 **of resale.**

1 (2) A person may not sell, transfer or deliver to a consumer an industrial
2 hemp commodity or product that contains cannabinoids and is intended for
3 human consumption unless:

4 (a) The industrial hemp commodity or product has been tested in accord-
5 ance with ORS 571.330 and any rules adopted pursuant to ORS 571.330;

6 (b) If the hemp commodity or product is intended for human consumption
7 by ingestion, the hemp commodity or product was processed in a facility li-
8 censed by the State Department of Agriculture under ORS 616.695 to 616.755
9 or in a facility in another state or jurisdiction that meets requirements
10 substantially similar to requirements established under ORS 616.695 to
11 616.755;

12 (c) The person obtains and maintains documentation of the results of the
13 testing;

14 (d) If the industrial hemp commodity or product is sold to a person under
15 21 years of age or any representations are made to the consumer about the
16 concentration of delta-8-tetrahydrocannabinol, the results of the testing re-
17 quired under this subsection demonstrate the concentration of
18 delta-8-tetrahydrocannabinol;

19 (e) The industrial hemp commodity or product does not contain more than
20 0.3 percent tetrahydrocannabinol or the concentration of
21 tetrahydrocannabinol allowed under federal law, whichever is greater; and

22 (f) The industrial hemp commodity or product does not exceed the con-
23 centration, **including the per container concentration**, of adult use
24 cannabinoids established by the Oregon Liquor and Cannabis Commission,
25 in conjunction with the Oregon Health Authority and State Department of
26 Agriculture, by rule.

27 (3) The testing required under subsection (2) of this section may be con-
28 ducted only by:

29 (a) A laboratory licensed by the commission under ORS 475C.548 and ac-
30 credited by the authority under ORS 475C.560; or

31 (b) If the industrial hemp commodity or product was processed outside of

1 this state, a laboratory accredited to the same or more stringent standards
2 as a laboratory described in paragraph (a) of this subsection.

3 (4) A person may not sell or deliver an adult use cannabis item to a per-
4 son under 21 years of age.

5 (5) This section does not apply to the retail sale of industrial hemp com-
6 modities or products by a marijuana retailer, as defined in ORS 475C.009,
7 that holds a license issued under ORS 475C.097.

8 **SECTION 14.** **The amendments to ORS 475C.670, 475C.674, and**
9 **475C.718 by sections 9 to 11 of this 2026 Act apply to sales of industrial**
10 **hemp-derived cannabinoid products, as defined in ORS 475C.009, that**
11 **are made on or after July 1, 2026.**

12

13 **ILLEGAL MARIJUANA MARKET ENFORCEMENT**
14 **GRANT PROGRAM**

15

16 **SECTION 15.** ORS 475C.728 is amended to read:

17 475C.728. Notwithstanding ORS 475C.726, before making any other dis-
18 tribution from the Oregon Marijuana Account established under ORS
19 475C.726, the Department of Revenue shall first distribute quarterly from the
20 account the following:

21 (1) \$875,000 to the Oregon Liquor and Cannabis Commission for deposit
22 in the Marijuana Control and Regulation Fund established under ORS
23 475C.297; and

24 (2) ~~[\$750,000]~~ **\$3 million** to the Oregon Criminal Justice Commission for
25 deposit into the Illegal Marijuana Market Enforcement Grant Program Fund
26 established under ORS 475C.535 for the purposes of paying the costs incurred
27 by the commission in carrying out the provisions of ORS 475C.531.

28

29 **MARIJUANA FOR MEDICAL USE**

30

31 **SECTION 16.** ORS 475C.777 is amended to read:

1 475C.777. As used in ORS 475C.770 to 475C.919:

2 (1) "Attending provider" means one of the following health care providers
3 who has primary responsibility for the care and treatment of a person diag-
4 nosed with a debilitating medical condition:

5 (a) A physician licensed under ORS chapter 677;
6 (b) A physician associate licensed under ORS 677.505 to 677.525;
7 (c) A nurse practitioner licensed under ORS 678.375 to 678.390;
8 (d) A clinical nurse specialist licensed under ORS 678.370 and 678.372;
9 (e) A certified registered nurse anesthetist as defined in ORS 678.010; or
10 (f) A naturopathic physician licensed under ORS chapter 685.

11 (2) "Cannabinoid" means any of the chemical compounds that are the ac-
12 tive constituents of marijuana.

13 (3) "Cannabinoid concentrate" means a substance obtained by separating
14 cannabinoids from marijuana by:

15 (a) A mechanical extraction process;
16 (b) A chemical extraction process using a nonhydrocarbon-based solvent,
17 such as vegetable glycerin, vegetable oils, animal fats, isopropyl alcohol or
18 ethanol;
19 (c) A chemical extraction process using the hydrocarbon-based solvent
20 carbon dioxide, provided that the process does not involve the use of high
21 heat or pressure; or
22 (d) Any other process identified by the Oregon Health Authority, in con-
23 sultation with the Oregon Liquor and Cannabis Commission, by rule.

24 (4) "Cannabinoid edible" means food or potable liquid into which a
25 cannabinoid concentrate, cannabinoid extract or dried leaves or flowers of
26 marijuana have been incorporated.

27 (5) "Cannabinoid extract" means a substance obtained by separating
28 cannabinoids from marijuana by:

29 (a) A chemical extraction process using a hydrocarbon-based solvent, such
30 as butane, hexane or propane;
31 (b) A chemical extraction process using the hydrocarbon-based solvent

1 carbon dioxide, if the process uses high heat or pressure; or
2 (c) Any other process identified by the Oregon Health Authority, in con-
3 sultation with the Oregon Liquor and Cannabis Commission, by rule.

4 (6) "Debilitating medical condition" means:

5 (a) Cancer, glaucoma, a degenerative or pervasive neurological condition,
6 positive status for human immunodeficiency virus or acquired immune defi-
7 ciency syndrome, or a side effect related to the treatment of those medical
8 conditions;

9 (b) A medical condition or treatment for a medical condition that
10 produces, for a specific patient, one or more of the following:

11 (A) Cachexia;

12 (B) Severe pain;

13 (C) Severe nausea;

14 (D) Seizures, including seizures caused by epilepsy; or

15 (E) Persistent muscle spasms, including spasms caused by multiple
16 sclerosis;

17 (c) Post-traumatic stress disorder; or

18 (d) Any other medical condition or side effect related to the treatment of
19 a medical condition [*adopted by the Oregon Health Authority by rule or ap-*
20 *proved by the authority pursuant to a petition filed under ORS 475C.913*] **that**
21 **an attending provider determines, in accordance with evidence-based**
22 **practice and professional judgement, might be mitigated by the med-**
23 **ical use of marijuana.**

24 (7)(a) "Delivery" has the meaning given that term in ORS 475.005.

25 (b) "Delivery" does not include transfer of marijuana by a registry iden-
26 tification cardholder to another registry identification cardholder if no con-
27 sideration is paid for the transfer.

28 (8)(a) "Designated primary caregiver" means an individual:

29 (A) Who is 18 years of age or older;

30 (B) Who has significant responsibility for managing the well-being of a
31 person who has been diagnosed with a debilitating medical condition; and

1 (C) Who is designated as the person responsible for managing the well-
2 being of a person who has been diagnosed with a debilitating medical con-
3 dition on that person's application for a registry identification card or in
4 other written notification submitted to the authority.

5 (b) "Designated primary caregiver" does not include a person's attending
6 provider.

7 (9) "High heat" means a temperature exceeding 180 degrees.

8 (10) "Immature marijuana plant" means a marijuana plant that is not
9 flowering.

10 (11)(a) "Marijuana" means the plant Cannabis family Cannabaceae, any
11 part of the plant Cannabis family Cannabaceae and the seeds of the plant
12 Cannabis family Cannabaceae.

13 (b) "Marijuana" does not include:

14 (A) Industrial hemp, as defined in ORS 571.269; or

15 (B) Prescription drugs, as that term is defined in ORS 689.005, including
16 those containing one or more cannabinoids, that are approved by the United
17 States Food and Drug Administration and dispensed by a pharmacy, as de-
18 fined in ORS 689.005.

19 (12) "Marijuana grow site" means a location registered under ORS
20 475C.792 where marijuana is produced for use by a registry identification
21 cardholder.

22 (13) "Marijuana processing site" means a marijuana processing site reg-
23 istered under ORS 475C.815 or a site for which an applicant has submitted
24 an application for registration under ORS 475C.815.

25 (14) "Mature marijuana plant" means a marijuana plant that is not an
26 immature marijuana plant.

27 (15)(a) "Medical cannabinoid product" means a cannabinoid edible and
28 any other product intended for human consumption or use, including a
29 product intended to be applied to a person's skin or hair, that contains
30 cannabinoids or dried leaves or flowers of marijuana.

31 (b) "Medical cannabinoid product" does not include:

1 (A) Usable marijuana by itself;

2 (B) A cannabinoid concentrate by itself;

3 (C) A cannabinoid extract by itself; or

4 (D) Industrial hemp, as defined in ORS 571.269.

5 (16) “Medical marijuana dispensary” means a medical marijuana
6 dispensary registered under ORS 475C.833 or a site for which an applicant
7 has submitted an application for registration under ORS 475C.833.

8 (17) “Medical use of marijuana” means the production, processing, pos-
9 session, delivery or administration of marijuana, or use of paraphernalia
10 used to administer marijuana, to mitigate the symptoms or effects of a de-
11 bilitating medical condition.

12 (18) “Person designated to produce marijuana by a registry identification
13 cardholder” means a person designated to produce marijuana by a registry
14 identification cardholder under ORS 475C.792 who produces marijuana for a
15 registry identification cardholder at an address other than the address where
16 the registry identification cardholder resides or at an address where more
17 than 12 mature marijuana plants are produced.

18 (19) “Process” means the compounding or conversion of marijuana into
19 medical cannabinoid products, cannabinoid concentrates or cannabinoid ex-
20 tracts.

21 (20) “Production” means:

22 (a) Planting, cultivating, growing, trimming or harvesting marijuana; or
23 (b) Drying marijuana leaves or flowers.

24 (21) “Registry identification card” means a document issued by the
25 Oregon Health Authority under ORS 475C.783 that identifies a person au-
26 thorized to engage in the medical use of marijuana and, if the person has a
27 designated primary caregiver under ORS 475C.789, the person’s designated
28 primary caregiver.

29 (22) “Registry identification cardholder” means a person to whom a reg-
30 istry identification card has been issued under ORS 475C.783.

31 (23)(a) “Usable marijuana” means the dried leaves and flowers of

1 marijuana.

2 (b) "Usable marijuana" does not include:

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

4 (B) Waste material that is a by-product of producing marijuana.

5 (24) "Written documentation" means a statement signed by the attending
6 provider of a person diagnosed with a debilitating medical condition or
7 copies of the person's relevant medical records.

8

9 **INDUSTRIAL HEMP**

10

11 **SECTION 17. Sections 18 and 19 of this 2026 Act are added to and**
12 **made a part of ORS 571.260 to 571.348.**

13 **SECTION 18.** (1) The State Department of Agriculture may not is-
14 sue a license to grow or handle industrial hemp under ORS 571.281
15 unless the applicant submits with the application a statement accu-
16 rately identifying the legal address and owner of the premises at which
17 the industrial hemp operation will be located and the requirements of
18 subsections (2) and (3) of this section are met.

19 (2) The department shall independently verify the information pro-
20 vided under subsection (1) of this section regarding the ownership of
21 the premises described in subsection (1) of this section with the county
22 in which the premises is located.

23 (3) If the applicant described in subsection (1) of this section is not
24 the owner of the premises described in subsection (1) of this section,
25 the applicant shall:

26 (a) Inform the owner in writing that the premises is intended to be
27 the location of an industrial hemp operation for which the applicant
28 is licensed;

29 (b) If the owner wishes to consent to the use of the premises for the
30 purposes of growing or handling industrial hemp, obtain from the
31 owner the owner's written signature, witnessed by a notary public,

1 confirming ownership of the premises and consenting to the use of the
2 premises for the purpose of growing or handling industrial hemp; and
3 (c) Provide the owner's witnessed signature as described in para-
4 graph (b) of this subsection to the department.

5 (4) An owner who consents as described in subsection (3) of this
6 section to the use of the owner's premises for the purpose of growing
7 or handling industrial hemp may specify in the document that con-
8 tains the owner's witnessed signature the number of licensure terms
9 for which the owner's consent to the use of the premises is valid.

10 (5) The department shall cancel an application for a license to grow
11 or handle industrial hemp under ORS 571.281 if the department:

12 (a) Is not able to verify ownership of the premises described in
13 subsection (1) of this section; or

14 (b) Does not receive, if the application is from an applicant de-
15 scribed in subsection (3) of this section, the witnessed signature de-
16 scribed in subsection (3) of this section.

17 (6) The department may adopt rules to carry out this section. Rules
18 adopted under this section may include rules to establish a form for
19 the purposes of this section.

20 **SECTION 19.** (1) An applicant for an industrial hemp grower license
21 under ORS 571.281 shall include with the application a land use com-
22 patibility statement from the city or county that authorizes the land
23 use in the jurisdiction in which the applicant intends to locate the
24 industrial hemp operation. The land use compatibility statement must
25 demonstrate that the industrial hemp operation is a land use that is
26 allowable as a permitted or conditional use within the given zoning
27 designation where the land is located. The State Department of Agri-
28 culture may not issue a license to the applicant if the land use com-
29 patibility statement shows that the proposed land use is prohibited in
30 the applicable zone.

31 (2) A city or county that receives a request for a land use compat-

1 **ibility statement under this section must act on the request within 21**
2 **days of:**

3 **(a) Receipt of the request, if the land use is allowable as an outright**
4 **permitted use; or**

5 **(b) Final local permit approval, if the land use is allowable as a**
6 **conditional use.**

7 **(3) A city or county action concerning a land use compatibility**
8 **statement under this section is not a land use decision as that term**
9 **is defined in ORS 197.015.**

10 **SECTION 20.** ORS 571.281 is amended to read:

11 571.281. (1)(a) To grow or handle industrial hemp, a person must be li-
12 censed by the State Department of Agriculture as a grower or handler.

13 (b) The department may identify by rule activities related to growing or
14 handling hemp in addition to those described in ORS 571.269 and may require
15 licensure to engage in those activities. The department may issue, renew,
16 suspend, revoke or refuse to issue or renew a license required pursuant to
17 this subsection.

18 (2)(a) Only a grower or handler licensed under this section may produce
19 agricultural hemp seed. For a grower or handler to produce agricultural
20 hemp seed, the grower or handler must be licensed by the department as an
21 agricultural hemp seed producer.

22 (b) Notwithstanding paragraph (a) of this subsection:

23 (A) A grower licensed under this section that retains agricultural hemp
24 seed for the purpose of personally propagating industrial hemp in a subse-
25 quent year is not required to be licensed by the department as an agricul-
26 tural hemp seed producer; and

27 (B) A grower or handler licensed under this section that produces
28 Cannabis seeds that are incapable of germination, or a handler licensed un-
29 der this section that processes Cannabis seeds that are incapable of
30 germination into commodities or products, is not required to be licensed by
31 the department as an agricultural hemp seed producer.

1 (3) An applicant for a license under this section must submit to the de-
2 partment, in a form and manner prescribed by the department, the following
3 information:

4 (a) The name and address of the applicant;
5 (b) The name and address of the industrial hemp operation of the appli-
6 cant; [and]

7 **(c) A land use compatibility statement as described in section 19 of
8 this 2026 Act;**

9 **(d) The information described in section 18 of this 2026 Act and any
10 additional proof that the department may require as proof of the
11 applicant's compliance with the requirements of section 18 of this 2026
12 Act; and**

13 [(c)] (e) Any other information required by the department by rule.

14 **(4) The department shall conduct a criminal records check under
15 ORS 181A.195 on an individual applying for a handler license under this
16 section.**

17 [(4)] (5) The department shall adopt rules specifying the period of time for
18 which a license issued under this section is valid. A licensee may renew a
19 license under this section in a form and manner prescribed by the depart-
20 ment.

21 [(5)] (6) A license under this section is a personal privilege and is not
22 transferable.

23 [(6)] (7) A grower or handler licensed under this section must keep re-
24 cords as required by the department by rule. Upon not less than three days'
25 notice, the department may subject the records to inspection or audit during
26 normal business hours. The department may make an inspection or audit for
27 the purpose of ensuring compliance with:

28 (a) A provision of ORS 571.260 to 571.348;
29 (b) A rule adopted under a provision of ORS 571.260 to 571.348; or
30 (c) An order issued by the department pursuant to a provision of ORS
31 571.260 to 571.348 or a rule adopted under a provision of ORS 571.260 to

1 571.348.

2 [(7)(a)] **(8)(a)** In addition to any inspection conducted pursuant to ORS
3 561.275, the department may inspect any crop during the crop's growth phase
4 and take a representative composite sample for field analysis. If a crop con-
5 tains an average tetrahydrocannabinol concentration exceeding the concen-
6 tration specified by the department by rule, the department may detain, seize
7 or embargo the crop as provided under ORS 561.605 to 561.620, subject to any
8 process established under ORS 571.345.

9 **(b)(A) As used in this paragraph:**

10 **(i) "Biomass" means the biodegradable portion of products, waste**
11 **and residues of biological origin from industrial hemp.**

12 **(ii) "Inspect" means to examine or review officially.**

13 **(B)** The department may inspect biomass or processed industrial hemp
14 that is stored at a location for which a license is issued under this section.

15 [(8)(a)] **(9)(a)** The department may charge licensees the following fees in
16 amounts reasonably calculated by the department to pay the cost of admin-
17 istering ORS 571.260 to 571.348:

18 (A) Application fees;
19 (B) License and license renewal fees;
20 (C) Administrative change fees; and
21 (D) Fees for other services.

22 (b) Moneys from fees charged under this subsection shall be deposited in
23 the Industrial Hemp Fund established under ORS 571.278.

24 **[(9)] (10)** The department may adopt rules establishing public health and
25 safety standards and industry best practices for growers and handlers li-
26 censed under this section.

27 **SECTION 21.** ORS 571.282 is amended to read:

28 571.282. (1) The State Department of Agriculture may enter into an
29 interagency agreement with the Oregon Liquor and Cannabis Commission to
30 allow representatives of the commission to carry out inspections of industrial
31 hemp crops under ORS 571.281 [(7)] **(8)** throughout this state.

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

3 **SECTION 22.** ORS 571.283 is amended to read:

4 571.283. (1) The State Department of Agriculture shall adopt rules to al-
5 low:

6 [(1)] (a) Law enforcement officers to accompany representatives of the
7 department to an industrial hemp operation for the purposes of providing
8 protection to the department's representatives; and

9 [(2)] (b) Public employees and officials who are responsible for the
10 enforcement of state and local laws to accompany representatives of the de-
11 partment to an industrial hemp operation in order to carry out inspections
12 that the public employees or officials are authorized to perform.

13 **(2) If the department has, or receives from a law enforcement**
14 **agency or other source, information that, in the discretion of the de-**
15 **partment, describes circumstances creating probable cause to believe**
16 **that an industrial hemp operation is being used for unlawful**
17 **marijuana cultivation or distribution operations, the department shall**
18 **inspect the industrial hemp operation and request that law enforce-**
19 **ment officers accompany the department to the industrial hemp op-**
20 **eration to carry out the department's inspection.**

21 **SECTION 23.** ORS 571.284 is amended to read:

22 571.284. The Governor may order that the Oregon National Guard provide
23 assistance and support to the State Department of Agriculture and law
24 enforcement in carrying out inspections of industrial hemp crops under ORS
25 571.281 [(7)] (8) and other duties of the department related to the enforcement
26 of ORS 571.260 to 571.348.

27 **SECTION 24.** ORS 571.319 is amended to read:

28 571.319. (1) If the industrial hemp crop of a grower licensed under ORS
29 571.281 is found to contain an average tetrahydrocannabinol concentration
30 that exceeds the limit described in ORS 571.281 [(7)] (8) and the State De-
31 partment of Agriculture requires the grower to destroy or remediate the in-

1 dustrial hemp crop, the grower shall provide documentation to the
2 department of the destruction or remediation.

3 (2) The department shall adopt rules to carry out this section, including
4 rules to specify acceptable documentation for purposes of subsection (1) of
5 this section and timelines for providing the documentation to the depart-
6 ment.

7 **SECTION 25.** ORS 571.322 is amended to read:

8 571.322. (1)(a) Except as provided in paragraph (b) of this subsection, if
9 a person plants an industrial hemp crop or commits a violation of ORS
10 571.260 to 571.348 prior to applying for a grower license under ORS 571.281,
11 the State Department of Agriculture shall refuse to issue a license to the
12 person.

13 (b) If the crop described in paragraph (a) of this subsection is removed
14 and the department determines that the violation is resolved, the person de-
15 scribed in paragraph (a) of this subsection may apply for a license under ORS
16 571.281.

17 (2) If a person plants an industrial hemp crop or commits a violation of
18 ORS 571.260 to 571.348 prior to being issued a grower license under ORS
19 571.281, the department shall:

20 (a)(A) Prioritize the person's industrial hemp crop for inspection under
21 ORS 571.281 [(7)] (8), if the person planted the industrial hemp crop as de-
22 scribed in this subsection; and

23 (B) Require the person to enter into a corrective action plan with the
24 department; or

25 (b) Refuse to issue a license to the person if the department determines
26 that a corrective action plan is insufficient to address the violation.

27 (3) If the person described in subsection (2) of this section does not enter
28 into a corrective action plan pursuant to subsection (2) of this section, the
29 department may not issue a license to the person under ORS 571.281.

30 (4) The department may adopt rules to carry out this section, including
31 rules to establish the corrective action plan described in subsection (2) of

1 this section.

2

3 **MISCELLANEOUS**

4

5 **SECTION 26. ORS 475C.730 is added to and made a part of ORS**
6 **475C.670 to 475C.734.**

7 **SECTION 27. ORS 571.280 is added to and made a part of ORS 571.260**
8 **to 571.348.**

9

10 **CAPTIONS**

11

12 **SECTION 28. The unit captions used in this 2026 Act are provided**
13 **only for the convenience of the reader and do not become part of the**
14 **statutory law of this state or express any legislative intent in the**
15 **enactment of this 2026 Act.**

16

17 **EFFECTIVE DATE**

18

19 **SECTION 29. This 2026 Act takes effect on the 91st day after the**
20 **date on which the 2026 regular session of the Eighty-third Legislative**
21 **Assembly adjourns sine die.**

22