

# House Bill 4139

Sponsored by Representatives WALLAN, MARSH, Senator REYNOLDS; Representatives LEWIS, MCINTIRE (Pre-session filed.)

## 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**. The statement includes a measure digest written in compliance with applicable readability standards.

**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, 475C.157, 475C.257, 475C.265,  
3 475C.540, 475C.600, 475C.670, 475C.674, 475C.718, 475C.728, 475C.777, 571.281, 571.282, 571.283,  
4 571.284, 571.309, 571.319, 571.322 and 571.339; prescribing an effective date; and providing for  
5 revenue raising that requires approval by a three-fifths majority.

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

## 7 ADULT USE CANNABIS ITEMS

8 **SECTION 1.** Section 2 of this 2026 Act is added to and made a part of ORS 475C.005 to  
9 **475C.525.**

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

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

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

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

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

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

7       (2) "Adult use cannabis item" means:

8       (a) A marijuana item; or

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

10      [(A) *the concentration of adult use cannabinoids established by the Oregon Liquor and Cannabis*  
11 *Commission, in consultation with the Oregon Health Authority and the State Department of Agricul-*  
12 *ture, by rule; or*]

13      [(B) *The greater of:*]

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

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

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

17      (3)(a) "Artificially derived cannabinoid" means a chemical substance that is created by a chem-  
18 ical reaction that changes the molecular structure of any chemical substance derived from the plant  
19 Cannabis family Cannabaceae.

20      (b) "Artificially derived cannabinoid" does not include:

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

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

25       (C) Any other chemical substance identified by the commission, in consultation with the au-  
26 thority and the department, by rule.

27      (4) "Cannabinoid" means any of the chemical compounds that are the active constituents derived  
28 from marijuana.

29      (5) "Cannabinoid concentrate" means a substance obtained by separating cannabinoids from  
30 marijuana by:

31       (a) A mechanical extraction process;

32       (b) A chemical extraction process using a nonhydrocarbon-based solvent, such as water, vege-  
33 table glycerin, vegetable oils, animal fats, isopropyl alcohol or ethanol;

34       (c) A chemical extraction process using carbon dioxide, provided that the process does not in-  
35 volve the use of high heat or pressure; or

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

37      (6) "Cannabinoid edible" means food or potable liquid into which a cannabinoid concentrate,  
38 cannabinoid extract or dried marijuana leaves or flowers have been incorporated.

39      (7) "Cannabinoid extract" means a substance obtained by separating cannabinoids from  
40 marijuana by:

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

43       (b) A chemical extraction process using carbon dioxide, if the process uses high heat or pres-  
44 sure; or

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

1       (8)(a) "Cannabinoid product" means a cannabinoid edible and any other product intended for  
 2 human consumption or use, including a product intended to be applied to the skin or hair, that  
 3 contains cannabinoids or dried marijuana leaves or flowers.

4       (b) "Cannabinoid product" does not include:  
 5           (A) Usable marijuana by itself;  
 6           (B) A cannabinoid concentrate by itself;  
 7           (C) A cannabinoid extract by itself; or  
 8           (D) Industrial hemp, **other than an industrial hemp-derived cannabinoid product**.

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

11       (10) "Deliver" means the actual, constructive or attempted transfer from one person to another  
 12 of a marijuana item, whether or not there is an agency relationship.

13       (11) "Delta-9-tetrahydrocannabinol" or "delta-9-THC" means (6aR,10aR)-6,6,9-  
 14 trimethyl-3-pentyl-6a,7,8,10a-tetrahydro-6H- benzo[c]chromen-1-ol.

15       (12) "Delta-9-tetrahydrocannabinolic acid" or "delta-9-THCA" means (6aR,10aR)-  
 16 1-hydroxy-6,6,9-trimethyl-3-pentyl-6a,7,8,10a- tetrahydro-6H-benzo[c]chromene-2-carboxylic acid.

17       (13) "Designated primary caregiver" has the meaning given that term in ORS 475C.777.

18       (14)(a) "Financial consideration" means value that is given or received either directly or indirectly  
 19 through sales, barter, trade, fees, charges, dues, contributions or donations.

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

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

24       (16) "Household" means a housing unit and any place in or around a housing unit at which the  
 25 occupants of the housing unit are producing, processing, possessing or storing homegrown  
 26 marijuana, cannabinoid products, cannabinoid concentrates or cannabinoid extracts.

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

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

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

33       **(20) "Industrial hemp-derived cannabinoid product" means an industrial hemp commodity  
 34 or product that exceeds the concentration of adult use cannabinoids established by the  
 35 Oregon Liquor and Cannabis Commission, in consultation with the Oregon Health Authority  
 36 and the State Department of Agriculture, by rule, as informed by relevant federal law and  
 37 regulations.**

38       [(20)] (21) "Licensee" means a person that holds a license issued under ORS 475C.065, 475C.085,  
 39 475C.093, 475C.097 or 475C.548.

40       [(21)] (22) "Licensee representative" means an owner, director, officer, manager, employee, agent  
 41 or other representative of a licensee, to the extent that the person acts in a representative capacity.

42       [(22)(a)] (23)(a) "Manufacture" means producing, propagating, preparing, compounding, converting  
 43 or processing a marijuana item, either directly or indirectly, by extracting from substances of  
 44 natural origin.

45       (b) "Manufacture" includes any packaging or repackaging of a marijuana item or the labeling

1 or relabeling of a container containing a marijuana item.

2 [(23)(a)] **(24)(a)** “Marijuana” means the plant Cannabis family Cannabaceae, any part of the  
3 plant Cannabis family Cannabaceae and marijuana seeds.

4 (b) “Marijuana” does not include:

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

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

9 [(24)] **(25)** “Marijuana flowers” means the flowers of the plant genus Cannabis within the plant  
10 family Cannabaceae.

11 [(25)] **(26)** “Marijuana items” means marijuana, cannabinoid products, cannabinoid concentrates  
12 and cannabinoid extracts.

13 [(26)] **(27)** “Marijuana leaves” means the leaves of the plant genus Cannabis within the plant  
14 family Cannabaceae.

15 [(27)] **(28)** “Marijuana processor” means:

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

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

19 [(28)] **(29)** “Marijuana producer” means a person that produces marijuana in this state.

20 [(29)] **(30)** “Marijuana retailer” means a person that sells marijuana items to a consumer in this  
21 state.

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

23 (b) “Marijuana seeds” does not include the seeds of industrial hemp.

24 [(31)] **(32)** “Marijuana wholesaler” means a person that purchases marijuana items in this state  
25 for resale to a person other than a consumer.

26 [(32)] **(33)** “Mature marijuana plant” means a marijuana plant that is not an immature marijuana  
27 plant.

28 [(33)] **(34)** “Medical grade cannabinoid product, cannabinoid concentrate or cannabinoid  
29 extract” means a cannabinoid product, cannabinoid concentrate or cannabinoid extract that has a  
30 concentration of adult use cannabinoids that is permitted under ORS 475C.620 in a single serving  
31 of the cannabinoid product, cannabinoid concentrate or cannabinoid extract for consumers who hold  
32 a valid registry identification card issued under ORS 475C.783.

33 [(34)] **(35)** “Medical purpose” means a purpose related to using usable marijuana, cannabinoid  
34 products, cannabinoid concentrates or cannabinoid extracts to mitigate the symptoms or effects of  
35 a debilitating medical condition, as defined in ORS 475C.777.

36 [(35)] **(36)** “Noncommercial” means not dependent or conditioned upon the provision or receipt  
37 of financial consideration.

38 [(36)(a)] **(37)(a)** “Premises” includes the following areas of a location licensed under ORS  
39 475C.005 to 475C.525 or 475C.548:

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

42 (B) All areas outside a building that the commission has specifically licensed for the processing,  
43 wholesale sale or retail sale of marijuana items; and

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

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

2       [(37)(a)] **(38)(a)** "Processes" means the processing, compounding or conversion of:

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

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

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

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

10       (b) "Produces" does not include:

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

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

16       [(39)] **(40)** "Propagate" means to grow immature marijuana plants or to breed or produce  
17 marijuana seeds.

18       [(40)] **(41)** "Public place" means a place to which the general public has access and includes,  
19 but is not limited to, hallways, lobbies and other parts of apartment houses and hotels not consti-  
20 tuting rooms or apartments designed for actual residence, and highways, streets, schools, places of  
21 amusement, parks, playgrounds and areas used in connection with public passenger transportation.

22       [(41)] **(42)** "Registry identification cardholder" has the meaning given that term in ORS 475C.777.

23       [(42)] **(43)** "Total delta-9-tetrahydrocannabinol" or "total delta-9-THC" means the sum of the  
24 concentration or mass of delta-9-THCA multiplied by 0.877 plus the concentration or mass of  
25 delta-9-THC.

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

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

28           (A) Marijuana seeds;

29           (B) The stalks and roots of marijuana; or

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

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

32       475C.157. (1) The Oregon Liquor and Cannabis Commission may, after 72 hours' notice, make  
33 an examination of the books of a licensee for the purpose of determining compliance with ORS  
34 475C.005 to 475C.525 and 475C.540 to 475C.586 and rules adopted under ORS 475C.005 to 475C.525  
35 and 475C.540 to 475C.586.

36       (2)(a) The commission may at any time make an examination of a premises for which a license  
37 has been issued under ORS 475C.005 to 475C.525 or 475C.548 for the purpose of determining com-  
38 pliance with ORS 475C.005 to 475C.525 and 475C.540 to 475C.586 and rules adopted under ORS  
39 475C.005 to 475C.525 and 475C.540 to 475C.586.

40       **(b) If the commission has, or receives from a law enforcement agency or other source, infor-**  
41 **mation that, in the opinion of the commission, describes circumstances creating proba-**  
42 **ble cause to believe that the premises for which a license issued under ORS 475C.005 to**  
43 **475C.525 or 475C.548 is being used for unlawful marijuana cultivation or distribution oper-**  
44 **ations, the commission shall inspect the premises and shall request that law enforcement**  
45 **officers accompany the commission to the premises for the inspection.**

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

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

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

6       475C.257. (1) As used in this section:

7           (a) "Consumer" means a person who purchases, acquires, owns, holds or uses marijuana items  
8 other than for the purpose of resale.

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

10           [(A) *The concentration of adult use cannabinoids established by the Oregon Liquor and Cannabis*  
11 *Commission, in consultation with the Oregon Health Authority and the State Department of Agricul-*  
12 *ture, by rule; or*]

13           [(B) *The greater of:*]

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

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

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

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

20       475C.265. (1) Subject to subsection (3) of this section, the Oregon Liquor and Cannabis Com-  
21 mission may revoke, suspend or restrict a license issued under ORS 475C.005 to 475C.525 or  
22 475C.548 or require a licensee or licensee representative to undergo training if the commission finds  
23 or has reasonable ground to believe that the licensee or licensee representative:

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

26           (b) Has diverted marijuana to the interstate market or an illicit market or has diverted re-  
27 sources to a criminal enterprise.

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

31           (d) Has made any false representation or statement to the commission regarding compliance  
32 with a provision of ORS 475C.005 to 475C.525 or 475C.540 to 475C.586 or a rule adopted under ORS  
33 475C.005 to 475C.525 or 475C.540 to 475C.586 in order to induce or prevent action by the commis-  
34 sion.

35           (e) Is in the habit of using alcoholic liquor, habit-forming drugs, marijuana or controlled sub-  
36 stances to excess.

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

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

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

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

1 or 475C.548.

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

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

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

7 (B) A demonstration that, to the satisfaction of the commission, the conduct of the licensee or  
8 applicant is not persistent or serious; and

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

12 (4) The commission may suspend or restrict a license issued under ORS 475C.005 to 475C.525  
13 or 475C.548 or require a licensee or licensee representative to undergo training if the commission  
14 finds or has reasonable grounds to believe that the licensee or licensee representative has violated  
15 a provision of ORS 475C.005 to 475C.525 or 475C.540 to 475C.586 or a rule adopted under ORS  
16 475C.005 to 475C.525 or 475C.540 to 475C.586.

17 (5) The commission may suspend or revoke a permit or temporary permit issued under ORS  
18 475C.273 to an individual rather than suspend or revoke a license issued under ORS 475C.005 to  
19 475C.525 or 475C.548 if the commission determines that permit suspension or revocation is more  
20 appropriate.

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

23 (A) Pay the tax as required under ORS 475C.682 twice in any four consecutive quarters and the  
24 Department of Revenue has issued to the licensee a distress warrant under ORS 475C.688 for the  
25 nonpayment of tax; or

26 (B) File a return as required under ORS 475C.682 twice in any four consecutive quarters and  
27 the department has issued to the licensee a notice of determination and assessment under ORS  
28 475C.688 for failure to file a return.

29 (b) The department's written notice to the commission that a licensee described under this sub-  
30 section has failed to pay a tax or file a return twice in any four consecutive quarters, and that the  
31 department has issued a distress warrant or notice of determination and assessment, shall consti-  
32 tute *prima facie* evidence of the licensee's failure to pay the tax or file a return.

33 (7)(a) **The commission shall immediately suspend a production license issued under ORS**  
34 **475C.065 if the commission receives from a law enforcement agency or other source infor-**  
35 **mation that, in the opinion of the commission, describes circumstances creating probable**  
36 **cause to believe that the premises for which the production license is issued under ORS**  
37 **475C.065 is being used for unlawful marijuana cultivation or distribution operations.**

38 (b) **A production license suspended under this subsection is nontransferrable until the**  
39 **final disposition of the commission's action related to the suspension. If the final determi-**  
40 **nation of the commission is that the premises for which the suspended production license**  
41 **was issued under ORS 475C.065 was used for unlawful marijuana cultivation or distribution**  
42 **operations, the commission shall revoke the production license.**

43 (c) **The commission may not issue a new license for a premises described in paragraph**  
44 **(b) of this subsection until 10 years after the date on which the commission's action related**  
45 **to the license described in paragraph (b) of this subsection was finalized unless the owner**

1 **of the premises can demonstrate to the satisfaction of the commission that the owner lacked  
2 knowledge that the premises was used for unlawful marijuana cultivation or distribution  
3 operations.**

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

5 475C.540. As used in ORS 475C.540 to 475C.586:

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

11 (2) "Artificially derived cannabinoid" has the meaning given that term in ORS 475C.009.

12 (3) "Cannabinoid" means any of the chemical compounds that are the active constituents of  
13 marijuana.

14 (4) "Cannabinoid concentrate or extract" means a substance obtained by separating  
15 cannabinoids from marijuana by a mechanical, chemical or other process.

16 (5) "Cannabinoid edible" means food or potable liquid into which a cannabinoid concentrate or  
17 extract or the dried leaves or flowers of marijuana have been incorporated.

18 (6)(a) "Cannabinoid product" means a cannabinoid edible or any other product intended for hu-  
19 man consumption or use, including a product intended to be applied to a person's skin or hair, that  
20 contains cannabinoids or the dried leaves or flowers of marijuana.

21 (b) "Cannabinoid product" does not include:

22 (A) Usable marijuana by itself;

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

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

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

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

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

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

33 (b) "Marijuana" does not include:

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

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

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

41 (12) "Processing" means:

42 (a) The compounding or conversion of marijuana into cannabinoid products or cannabinoid  
43 concentrates or extracts.

44 (b) The compounding or conversion of industrial hemp into industrial hemp concentrates or in-  
45 dustrial hemp extracts.

1       (13) "Producing" means:  
2       (a) Planting, cultivating, growing, trimming or harvesting marijuana; or  
3       (b) Drying marijuana leaves and flowers.  
4       (14)(a) "Usable marijuana" means the dried leaves and flowers of marijuana.  
5       (b) "Usable marijuana" does not include:  
6       (A) The seeds, stalks and roots of marijuana; or  
7       (B) Waste material that is a by-product of producing or processing marijuana.

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

9       475C.600. As used in ORS 475C.600 to 475C.648:

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

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

16      (3) "Cannabinoid" means any of the chemical compounds that are the active constituents of  
17      marijuana.

18      (4) "Cannabinoid concentrate or extract" means a substance obtained by separating  
19      cannabinoids from marijuana by a mechanical, chemical or other process.

20      (5) "Cannabinoid edible" means food or potable liquid into which a cannabinoid concentrate or  
21      extract or the dried leaves or flowers of marijuana have been incorporated.

22      (6)(a) "Cannabinoid product" means a cannabinoid edible or any other product intended for hu-  
23      man consumption or use, including a product intended to be applied to a person's skin or hair, that  
24      contains cannabinoids or the dried leaves or flowers of marijuana.

25      (b) "Cannabinoid product" does not include:

26       (A) Usable marijuana by itself;

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

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

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

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

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

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

37      (b) "Marijuana" does not include:

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

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

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

45      (12) "Processing" means:

1       (a) The compounding or conversion of marijuana into cannabinoid products or cannabinoid  
2 concentrates or extracts.

3       (b) The compounding or conversion of industrial hemp into industrial hemp concentrates or in-  
4 dustrial hemp extracts.

5       (13) "Producing" means:

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

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

9       (15)(a) "Usable marijuana" means the dried leaves and flowers of marijuana.

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

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

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

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

14       475C.670. As used in ORS 475C.670 to 475C.734:

15       (1) "Cannabinoid concentrate," "cannabinoid edible," "cannabinoid extract," "cannabinoid prod-  
16 uct," "consumer," "immature marijuana plant," "**industrial hemp-derived cannabinoid product**,"  
17 "marijuana flowers," "marijuana items," "marijuana leaves," "marijuana processor," "marijuana  
18 producer," "marijuana retailer" and "usable marijuana" have the meanings given those terms in  
19 ORS 475C.009.

20       (2) "Retail sale" means any transfer, exchange, gift or barter of a marijuana item by any person  
21 to a consumer.

22       (3) "Retail sales price" means the price paid for a marijuana item, excluding tax, to a marijuana  
23 retailer by or on behalf of a consumer of the marijuana item.

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

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

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

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

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

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

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

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

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

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

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

40       (3) If the tax imposed under this section does not equal an amount calculable to a whole cent,  
41 the tax shall be equal to the next higher whole cent.

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

45       (5) A person may not knowingly sell, purchase, install, transfer or possess electronic devices or

1 software programs for the purposes of:  
2     (a) Hiding or removing records of retail sales of marijuana items; or  
3     (b) Falsifying records of retail sales of marijuana items.  
4     (6)(a) A marijuana retailer may not discount a marijuana item or offer a marijuana item for free  
5 if the retail sale of the marijuana item is made in conjunction with the retail sale of any other item.  
6     (b) Paragraph (a) of this subsection does not affect any provision of ORS 475C.005 to 475C.525  
7 or any rule adopted by the Oregon Liquor and Cannabis Commission pursuant to ORS 475C.005 to  
8 475C.525 that is related to the retail sale of marijuana items.

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

10     475C.718. (1) The Department of Revenue may enter into an agreement with the governing body  
11 of a federally recognized Indian tribe that is qualified as described in this section for the purpose  
12 of making rebate payments for an estimate of the tax on marijuana items imposed under ORS  
13 475C.674 as described in this section.

14     (2) The governing body of a federally recognized Indian tribe is qualified to enter into an  
15 agreement under this section if the governing body has entered into an agreement with the Governor,  
16 or the Governor's designee, pursuant to ORS 475C.521.

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

18         (a) Usable marijuana sold by a marijuana retailer that holds a license issued under ORS  
19 475C.097 that is produced by a marijuana producer that is located on tribal trust land and licensed  
20 by the governing body of a federally recognized Indian tribe that has entered into an agreement with  
21 the Governor, or the Governor's designee, pursuant to ORS 475C.521, provided that the licensing of  
22 the marijuana producer comports with the agreement; *[and]*

23         (b) Cannabinoid concentrates, cannabinoid extracts or cannabinoid products sold by a marijuana  
24 retailer that holds a license issued under ORS 475C.097 that are processed by a marijuana processor  
25 that is located on tribal trust land and licensed by the governing body of a federally recognized  
26 Indian tribe that has entered into an agreement with the Governor, or the Governor's designee,  
27 pursuant to ORS 475C.521, provided that the licensing of the marijuana processor comports with the  
28 agreement*[.]; and*

29         (c) **Industrial hemp-derived cannabinoid products sold by a marijuana retailer that holds  
30 a license issued under ORS 475C.097 that are processed by a marijuana processor that is lo-  
31 cated on tribal trust land and licensed by the governing body of a federally recognized Indian  
32 tribe that has entered into an agreement with the Governor, or the Governor's designee,  
33 pursuant to ORS 475C.521, provided that the licensing of the marijuana processor comports  
34 with the agreement.**

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

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

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

1       (5) There is continuously appropriated from the suspense account established under ORS  
2 475C.734 the amounts necessary to make rebates pursuant to an agreement entered into under this  
3 section.

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

5       571.309. The Oregon Liquor and Cannabis Commission, in consultation with the State Depart-  
6 ment of Agriculture **and as informed by relevant federal law and regulations**, shall adopt rules  
7 to establish:

8       (1) The maximum concentration of tetrahydrocannabinol permitted in a single serving of an in-  
9 dustrial hemp product;

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

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

13       (4) Standards for approving industrial hemp products that contain artificially derived  
14 cannabinoids and that are intended for sale at retail. The rules adopted under this subsection may  
15 not be more restrictive than the rules applicable to the sale at retail of adult use cannabis items.

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

17       571.339. (1) *[For purposes of this section,]* **As used in this section:**

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

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

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

23       (a) The industrial hemp commodity or product has been tested in accordance with ORS 571.330  
24 and any rules adopted pursuant to ORS 571.330;

25       (b) If the hemp commodity or product is intended for human consumption by ingestion, the hemp  
26 commodity or product was processed in a facility licensed by the State Department of Agriculture  
27 under ORS 616.695 to 616.755 or in a facility in another state or jurisdiction that meets requirements  
28 substantially similar to requirements established under ORS 616.695 to 616.755;

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

30       (d) If the industrial hemp commodity or product is sold to a person under 21 years of age or any  
31 representations are made to the consumer about the concentration of delta-8-tetrahydrocannabinol,  
32 the results of the testing required under this subsection demonstrate the concentration of  
33 delta-8-tetrahydrocannabinol;

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

37       (f) The industrial hemp commodity or product does not exceed the concentration, **including the**  
38 **per container concentration**, of adult use cannabinoids established by the Oregon Liquor and  
39 Cannabis Commission, in conjunction with the Oregon Health Authority and State Department of  
40 Agriculture, by rule.

41       (3) The testing required under subsection (2) of this section may be conducted only by:

42       (a) A laboratory licensed by the commission under ORS 475C.548 and accredited by the author-  
43 ity under ORS 475C.560; or

44       (b) If the industrial hemp commodity or product was processed outside of this state, a laboratory  
45 accredited to the same or more stringent standards as a laboratory described in paragraph (a) of this

1 subsection.

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

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

6 **SECTION 14. The amendments to ORS 475C.670, 475C.674 and 475C.718 by sections 9 to**  
7 **11 of this 2026 Act apply to sales of industrial hemp-derived cannabinoid products, as defined**  
8 **in ORS 475C.009, that are made on or after July 1, 2026.**

9

10 **ILLEGAL MARIJUANA MARKET ENFORCEMENT**  
11 **GRANT PROGRAM**

12

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

14 475C.728. Notwithstanding ORS 475C.726, before making any other distribution from the Oregon  
15 Marijuana Account established under ORS 475C.726, the Department of Revenue shall first distrib-  
16 ute quarterly from the account the following:

17 (1) \$875,000 to the Oregon Liquor and Cannabis Commission for deposit in the Marijuana Con-  
18 trol and Regulation Fund established under ORS 475C.297; and

19 (2) ~~[\$750,000]~~ **\$3 million** to the Oregon Criminal Justice Commission for deposit into the Illegal  
20 Marijuana Market Enforcement Grant Program Fund established under ORS 475C.535 for the pur-  
21 poses of paying the costs incurred by the commission in carrying out the provisions of ORS  
22 475C.531.

23

24 **MARIJUANA FOR MEDICAL USE**

25

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

27 475C.777. As used in ORS 475C.770 to 475C.919:

28 (1) "Attending provider" means one of the following health care providers who has primary re-  
29 sponsibility for the care and treatment of a person diagnosed with a debilitating medical condition:

30 (a) A physician licensed under ORS chapter 677;

31 (b) A physician associate licensed under ORS 677.505 to 677.525;

32 (c) A nurse practitioner licensed under ORS 678.375 to 678.390;

33 (d) A clinical nurse specialist licensed under ORS 678.370 and 678.372;

34 (e) A certified registered nurse anesthetist as defined in ORS 678.010; or

35 (f) A naturopathic physician licensed under ORS chapter 685.

36 (2) "Cannabinoid" means any of the chemical compounds that are the active constituents of  
37 marijuana.

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

40 (a) A mechanical extraction process;

41 (b) A chemical extraction process using a nonhydrocarbon-based solvent, such as vegetable  
42 glycerin, vegetable oils, animal fats, isopropyl alcohol or ethanol;

43 (c) A chemical extraction process using the hydrocarbon-based solvent carbon dioxide, provided  
44 that the process does not involve the use of high heat or pressure; or

45 (d) Any other process identified by the Oregon Health Authority, in consultation with the

1      Oregon Liquor and Cannabis Commission, by rule.

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

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

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

8              (b) A chemical extraction process using the hydrocarbon-based solvent carbon dioxide, if the  
9              process uses high heat or pressure; or

10             (c) Any other process identified by the Oregon Health Authority, in consultation with the  
11             Oregon Liquor and Cannabis Commission, by rule.

12             (6) "Debilitating medical condition" means:

13              (a) Cancer, glaucoma, a degenerative or pervasive neurological condition, positive status for  
14              human immunodeficiency virus or acquired immune deficiency syndrome, or a side effect related to  
15              the treatment of those medical conditions;

16              (b) A medical condition or treatment for a medical condition that produces, for a specific pa-  
17              tient, one or more of the following:

18                (A) Cachexia;

19                (B) Severe pain;

20                (C) Severe nausea;

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

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

23                (c) Post-traumatic stress disorder; or

24                (d) Any other medical condition or side effect related to the treatment of a medical condition  
25              *[adopted by the Oregon Health Authority by rule or approved by the authority pursuant to a petition  
26              filed under ORS 475C.913]* **that an attending provider determines, in accordance with  
27              evidence-based practice and professional judgment, might be mitigated by the medical use  
28              of marijuana.**

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

30                (b) "Delivery" does not include transfer of marijuana by a registry identification cardholder to  
31              another registry identification cardholder if no consideration is paid for the transfer.

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

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

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

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

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

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

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

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

44                (b) "Marijuana" does not include:

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

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

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

6       (13) "Marijuana processing site" means a marijuana processing site registered under ORS  
7 475C.815 or a site for which an applicant has submitted an application for registration under ORS  
8 475C.815.

9       (14) "Mature marijuana plant" means a marijuana plant that is not an immature marijuana  
10 plant.

11       (15)(a) "Medical cannabinoid product" means a cannabinoid edible and any other product in-  
12 tended for human consumption or use, including a product intended to be applied to a person's skin  
13 or hair, that contains cannabinoids or dried leaves or flowers of marijuana.

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

- 15       (A) Usable marijuana by itself;
- 16       (B) A cannabinoid concentrate by itself;
- 17       (C) A cannabinoid extract by itself; or
- 18       (D) Industrial hemp, as defined in ORS 571.269.

19       (16) "Medical marijuana dispensary" means a medical marijuana dispensary registered under  
20 ORS 475C.833 or a site for which an applicant has submitted an application for registration under  
21 ORS 475C.833.

22       (17) "Medical use of marijuana" means the production, processing, possession, delivery or ad-  
23 ministration of marijuana, or use of paraphernalia used to administer marijuana, to mitigate the  
24 symptoms or effects of a debilitating medical condition.

25       (18) "Person designated to produce marijuana by a registry identification cardholder" means a  
26 person designated to produce marijuana by a registry identification cardholder under ORS 475C.792  
27 who produces marijuana for a registry identification cardholder at an address other than the address  
28 where the registry identification cardholder resides or at an address where more than 12 mature  
29 marijuana plants are produced.

30       (19) "Process" means the compounding or conversion of marijuana into medical cannabinoid  
31 products, cannabinoid concentrates or cannabinoid extracts.

32       (20) "Production" means:

- 33       (a) Planting, cultivating, growing, trimming or harvesting marijuana; or
- 34       (b) Drying marijuana leaves or flowers.

35       (21) "Registry identification card" means a document issued by the Oregon Health Authority  
36 under ORS 475C.783 that identifies a person authorized to engage in the medical use of marijuana  
37 and, if the person has a designated primary caregiver under ORS 475C.789, the person's designated  
38 primary caregiver.

39       (22) "Registry identification cardholder" means a person to whom a registry identification card  
40 has been issued under ORS 475C.783.

41       (23)(a) "Usable marijuana" means the dried leaves and flowers of marijuana.

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

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

45       (24) "Written documentation" means a statement signed by the attending provider of a person

1 diagnosed with a debilitating medical condition or copies of the person's relevant medical records.

3 **INDUSTRIAL HEMP**

5 **SECTION 17.** Sections 18 and 19 of this 2026 Act are added to and made a part of ORS  
6 571.260 to 571.348.

7 **SECTION 18.** (1) The State Department of Agriculture may not issue a license to grow  
8 or handle industrial hemp under ORS 571.281 unless the applicant submits with the applica-  
9 tion a statement accurately identifying the legal address and owner of the premises at which  
10 the industrial hemp operation will be located and the requirements of subsections (2) and (3)  
11 of this section are met.

12 (2) The department shall independently verify the information provided under subsection  
13 (1) of this section regarding the ownership of the premises described in subsection (1) of this  
14 section with the county in which the premises is located.

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

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

19 (b) If the owner wishes to consent to the use of the premises for the purposes of growing  
20 or handling industrial hemp, obtain from the owner the owner's written signature, witnessed  
21 by a notary public, confirming ownership of the premises and consenting to the use of the  
22 premises for the purpose of growing or handling industrial hemp; and

23 (c) Provide the owner's witnessed signature as described in paragraph (b) of this sub-  
24 section to the department.

25 (4) An owner who consents as described in subsection (3) of this section to the use of the  
26 owner's premises for the purpose of growing or handling industrial hemp may specify in the  
27 document that contains the owner's witnessed signature the number of licensure terms for  
28 which the owner's consent to the use of the premises is valid.

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

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

33 (b) Does not receive, if the application is from an applicant described in subsection (3)  
34 of this section, the witnessed signature described in subsection (3) of this section.

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

37 **SECTION 19.** (1) An applicant for an industrial hemp grower license under ORS 571.281  
38 shall include with the application a land use compatibility statement from the city or county  
39 that authorizes the land use in the jurisdiction in which the applicant intends to locate the  
40 industrial hemp operation. The land use compatibility statement must demonstrate that the  
41 industrial hemp operation is a land use that is allowable as a permitted or conditional use  
42 within the given zoning designation where the land is located. The State Department of Ag-  
43 riculture may not issue a license to the applicant if the land use compatibility statement  
44 shows that the proposed land use is prohibited in the applicable zone.

45 (2) A city or county that receives a request for a land use compatibility statement under

1   **this section must act on the request within 21 days of:**

2       (a) **Receipt of the request, if the land use is allowable as an outright permitted use; or**  
 3       (b) **Final local permit approval, if the land use is allowable as a conditional use.**

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

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

7       571.281. (1)(a) To grow or handle industrial hemp, a person must be licensed by the State De-  
 8       partment of Agriculture as a grower or handler.

9       (b) The department may identify by rule activities related to growing or handling hemp in ad-  
 10      dition to those described in ORS 571.269 and may require licensure to engage in those activities.  
 11      The department may issue, renew, suspend, revoke or refuse to issue or renew a license required  
 12      pursuant to this subsection.

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

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

17       (A) A grower licensed under this section that retains agricultural hemp seed for the purpose of  
 18      personally propagating industrial hemp in a subsequent year is not required to be licensed by the  
 19      department as an agricultural hemp seed producer; and

20       (B) A grower or handler licensed under this section that produces Cannabis seeds that are in-  
 21      capable of germination, or a handler licensed under this section that processes Cannabis seeds that  
 22      are incapable of germination into commodities or products, is not required to be licensed by the  
 23      department as an agricultural hemp seed producer.

24      (3) An applicant for a license under this section must submit to the department, in a form and  
 25      manner prescribed by the department, the following information:

26       (a) The name and address of the applicant;

27       (b) The name and address of the industrial hemp operation of the applicant; [*and*]

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

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

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

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

35      [(4)] (5) The department shall adopt rules specifying the period of time for which a license issued  
 36      under this section is valid. A licensee may renew a license under this section in a form and manner  
 37      prescribed by the department.

38      [(5)] (6) A license under this section is a personal privilege and is not transferable.

39      [(6)] (7) A grower or handler licensed under this section must keep records as required by the  
 40      department by rule. Upon not less than three days' notice, the department may subject the records  
 41      to inspection or audit during normal business hours. The department may make an inspection or  
 42      audit for the purpose of ensuring compliance with:

43       (a) A provision of ORS 571.260 to 571.348;

44       (b) A rule adopted under a provision of ORS 571.260 to 571.348; or

45       (c) An order issued by the department pursuant to a provision of ORS 571.260 to 571.348 or a

1 rule adopted under a provision of ORS 571.260 to 571.348.

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

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

9 **(i) "Biomass" means the biodegradable portion of products, waste and residues of bi-**  
10 **ological origin from industrial hemp.**

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

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

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

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

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

22 **[(9)] (10)** The department may adopt rules establishing public health and safety standards and  
23 industry best practices for growers and handlers licensed under this section.

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

25 571.282. (1) The State Department of Agriculture may enter into an interagency agreement with  
26 the Oregon Liquor and Cannabis Commission to allow representatives of the commission to carry  
27 out inspections of industrial hemp crops under ORS 571.281 **[(7)] (8)** throughout this state.

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

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

30 571.283. (1) The State Department of Agriculture shall adopt rules to allow:

31 **[(1)] (a)** Law enforcement officers to accompany representatives of the department to an indus-  
32 trial hemp operation for the purposes of providing protection to the department's representatives;  
33 and

34 **[(2)] (b)** Public employees and officials who are responsible for the enforcement of state and lo-  
35 cal laws to accompany representatives of the department to an industrial hemp operation in order  
36 to carry out inspections that the public employees or officials are authorized to perform.

37 **(2) If the department has, or receives from a law enforcement agency or other source,**  
38 **information that, in the discretion of the department, describes circumstances creating**  
39 **probable cause to believe that an industrial hemp operation is being used for unlawful**  
40 **marijuana cultivation or distribution operations, the department shall inspect the industrial**  
41 **hemp operation and request that law enforcement officers accompany the department to the**  
42 **industrial hemp operation to carry out the department's inspection.**

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

44 571.284. The Governor may order that the Oregon National Guard provide assistance and sup-  
45 port to the State Department of Agriculture and law enforcement in carrying out inspections of in-

1   dustrial hemp crops under ORS 571.281 [(7)] **(8)** and other duties of the department related to the  
2   enforcement of ORS 571.260 to 571.348.

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

4   571.319. (1) If the industrial hemp crop of a grower licensed under ORS 571.281 is found to  
5   contain an average tetrahydrocannabinol concentration that exceeds the limit described in ORS  
6   571.281 [(7)] **(8)** and the State Department of Agriculture requires the grower to destroy or remediate  
7   the industrial hemp crop, the grower shall provide documentation to the department of the de-  
8   struction or remediation.

9   (2) The department shall adopt rules to carry out this section, including rules to specify ac-  
10   ceptable documentation for purposes of subsection (1) of this section and timelines for providing the  
11   documentation to the department.

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

13   571.322. (1)(a) Except as provided in paragraph (b) of this subsection, if a person plants an in-  
14   dustrial hemp crop or commits a violation of ORS 571.260 to 571.348 prior to applying for a grower  
15   license under ORS 571.281, the State Department of Agriculture shall refuse to issue a license to the  
16   person.

17   (b) If the crop described in paragraph (a) of this subsection is removed and the department de-  
18   termines that the violation is resolved, the person described in paragraph (a) of this subsection may  
19   apply for a license under ORS 571.281.

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

22   (a)(A) Prioritize the person's industrial hemp crop for inspection under ORS 571.281 [(7)] **(8)**, if  
23   the person planted the industrial hemp crop as described in this subsection; and

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

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

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

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

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## MISCELLANEOUS

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

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

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## CAPTIONS

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**SECTION 28.** The unit captions used in this 2026 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 2026 Act.

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## EFFECTIVE DATE

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

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