

MARIJUANA LICENSING UPDATES

Danica Hibpshman, Director of Statewide Licensing & Compliance

OLCC Recreational Marijuana Program Update January/February 2017





- ► Applications far outpaced estimates (originally estimated to be 800-1200 applications)
- ► Currently over 2000 applications submitted and growing daily
- ▶ Processing started off slow, moved to a sprint by the end of the year
- ▶ # of staff processing applications: roughly 23-50 throughout the year
 - ▶ 11 marijuana regulatory specialists
 - ▶ 12 liquor and marijuana license investigators
 - ▶ 25+ liquor inspectors, policy analysists, managers and directors

APPLICATION STATS

WHERE WE'VE BEEN

JULY 11, 2016



SUBMITTED/PAID APPLICATIONS: 1,139



ASSIGNED: 345 LOCAL GOV. REVIEW: 274



LICENSES APPROVED: 128

Producer (761) Wholesale (65) Laboratory (7) Research (1) Processor (92) Retail (213)

APPLICATION STATS

WHERE WE ARE

JANUARY 31, 2017



SUBMITTED/PAID APPLICATIONS: 2,030



ASSIGNED: 742 LOCAL GOV. REVIEW: 202



LICENSES APPROVED: 831

Producer (1,081) Wholesale (134) Laboratory (26) Research (2) Processor (227) Retail (560)

APPLICATION STATS

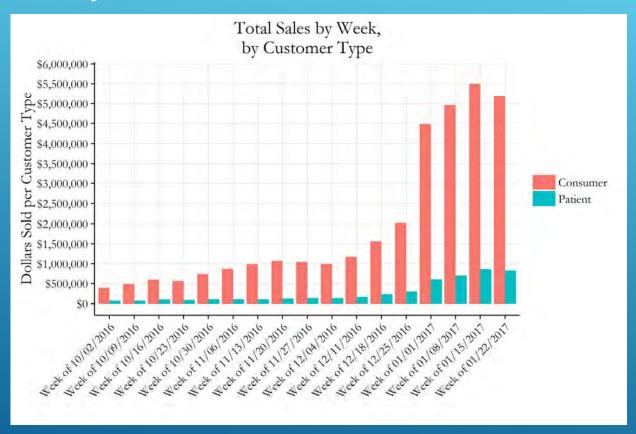


- ► From September 15 to January 27 = approximately 600 approved licenses
- ► From September 15 to January 27 = approximately 700 new applications

Status of Applications by Type

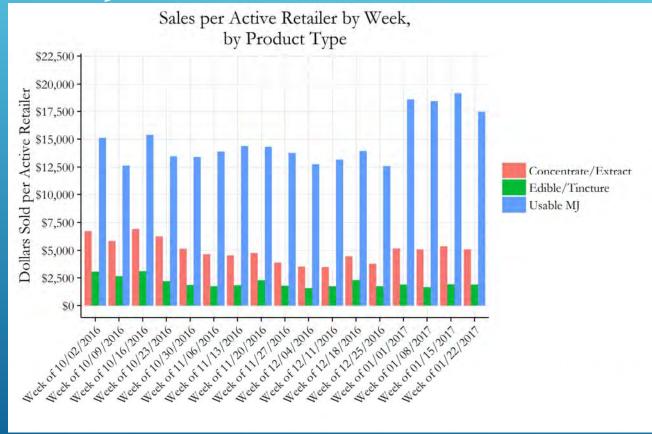
	License Active	Approved Not Paid	Assigned	Ready For Assignment	Without Approved LUCS	Grand Total
Laboratory	20	0	3	0	3	26
Processor	60	6	99	22	40	227
Producer	397	20	418	143	103	1081
Retailer	312	4	180	18	46	560
Wholesaler	42	10	42	19	21	134
Research	0	0	0	0	2	2
Grand Total	831	40	742	202	215	2030

MARIJUANA SALES



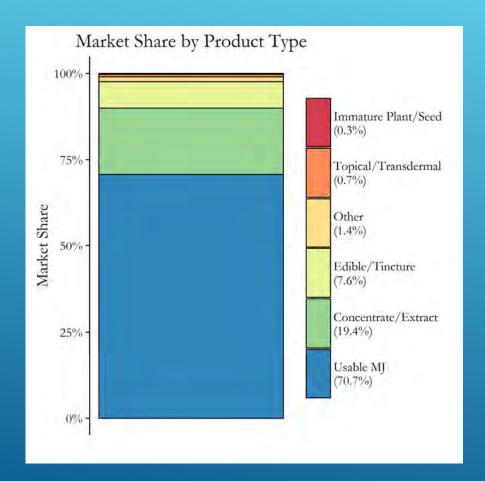


MARIJUANA SALES





MARKET SHARE





SHIFT TO COMPLIANCE



► <u>Necessary</u>

▶ Protect the integrity of the regulated system

► Timely

Serious Metrc data entry issues detected

▶ Result

- ► Licensing work will slow down
- ► Most marijuana staff previously doing licensing work will be moving into compliance work
- ► Extra staff will move back to their regular jobs
- ▶ Approximately 12 staff will continue processing licenses statewide

RENEWALS WHAT TO EXPECT

OLCC COMMISSION

▶ Be patient

► The same staff that is processing renewals is also processing all new applications

► <u>Help your investigators</u>

► Create diagrams of complex business structures, provide clear drawings of any premises changes

► Renew Early

- ▶ Particularly if you are making changes to your business structure or premises
- ▶ Early or on time renewal applications can continue to operate, late renewal applications cannot, and will pay a late fee
- ► Help us spread out renewals work benefits the agency and the industry



QUESTIONS ABOUT LICENSING PROCESS?

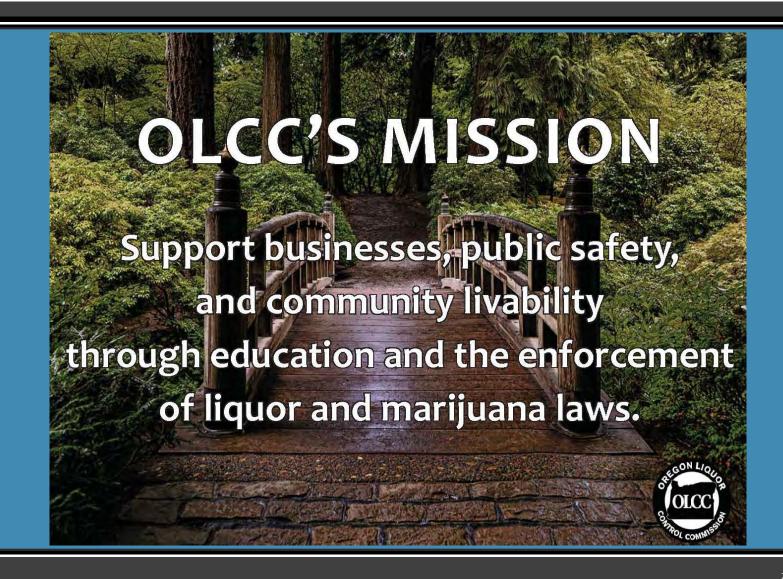
Email: marijuana.licensing@Oregon.gov

Call: 503-872-5207

Oregon Recreational Administrative Rules



Amanda Borup, Policy Analyst - Oregon Liquor Control Commission Licensee Education - January/February 2017



State Law and Responsible State Agencies

- M91 (November 2014)
- Statutes: ORS Chapter 475B
- Administrative Rules OAR Division 25
- Oregon Liquor Control Commission (OLCC): recreational marijuana businesses and worker permits
- Oregon Health Authority (OHA): medical marijuana activities/businesses, testing standards and requirements
- Oregon Department of Revenue (DOR): tax collection
- Oregon Department of Agriculture (ODA): commercial kitchens, scale certification, certain food handling activities, pesticides
- Local jurisdictions: law enforcement, governing bodies, code enforcement



Recreational Marijuana

Agency Overview

Recreational Marijuana Program Home

Contact Us

Frequently Asked Questions (FAQs)

Laws and Rules

Rules Advisory Committee & Technical Subcommittees

Licensing

Packaging and Labeling

Marijuana Worker Permit

Cannabis Tracking System

Forms & Publications

News Room

Public Involvement

Public Meeting Calendar Business Committee

Cannabis Environmental Best Practices Task Force

Public Safety, Education,

& Enforcement Committee

OLCC Website Home

OLCC Accepting Recreational Marijuana License Applications



€ II > 1 of 2

Apply online here: https://apps.oregon.gov/OLCC/Marijuana/elicense

Recreational Marijuana Licensing

Up-to-date report of applications received, organized by county of the proposed premises. Also includes a summary of total license applications.

Marijuana Licenses (as of 12/30/2016)

This is the list of currently approved recreational marijuana licenses.

Approved Marijuana Licenses (PDF) Approved Marijuana Licenses (Excel)

Approved Marijuana Licensed Retailers (as of 12/30/16)

Recreational Marijuana Licensing Timeline

Important dates and milestones for implementation.

Online Application & Forms for Recreational Marijuana License

OLCC is now accepting recreational marijuana license applications through the online licensing system.

Online Application Licensing Forms and Documents



The guidebook is intended to provide applicants and licensees with knowledge and tools for establishing and operating OLCG-licensed recreational marijuana businesses.

Cities/Counties Prohibiting Licensed Recreational Marijuana Facilities

The list of cities or counties that have prohibited the establishment of licensed recreational marijuana producers, process wholesalers, and/or retailers.

Pesticides (Dept. of Agriculture - ODA) **ODA, OHA, OLCC Guidance on Pesticide Use**

ODA's Marijuana Overview

Cannable and Reclinides

ODA News Release for Marijuana Pesticide Guidelist.

ODA News Release: ODA issues stop sale and removal orders on 12 horticultural products

Taxes (Dept. of Revenue)

Dept. of Revenue News Release on Marijuana Tax Marijuana Tax Implementation Timeline

Oregon



Map of Recreational Marijuana Retailers and Laboratories

An interactive map of OLCC-licensed marijuana retailers and testing laboratories, including boundaries of cities and counties, including those that prohibit some or all recreational marijuana license types.

Recreational Marijuana Sales

Limited amounts of recreational marijuana are now available for purchase through medical marijuana dispensaries to adults 21 and older. The Oregon Health Authority has regulatory oversight of recreational marijuana sales through medical dispensaries.

June 2, 2016 Expansion of Limited Retail Marijuana Products

Registered Medical Marijuana Dispensaries Frequently Asked Questions About Early Sales

State Agencies Regulating Marijuana

This infographic shows which state agency to contact with your questions about marijuana in Oregon.

State Resources by Topic - Infographic

What's Legal: Educate Before You Recreate

Recreational marijuana is now legal in Oregon. Adults 21 and older can legally possess and use recreational marijuana, but there are limits. It's important to know what's legal and what's not. Go to

whatslegaloregon.com for more information.

Fact Sheet - Consumption, Gifting, and Giveaways

Medical Marijuana (Oregon Health Authority)

Medical Marijuana Program (OMMP) Medical Marijuana Dispensary Directory

Medical Marijuana Concentration Limits Medical Marijuana Program Implementation Timeline

Poison Control Help

Oregon Poison Control: 1-800-222-1222

Pet Emergencies: Emergency Animal Hospitals and Clinics



SUBSCRIBE Connect With Us

Job Opportunities

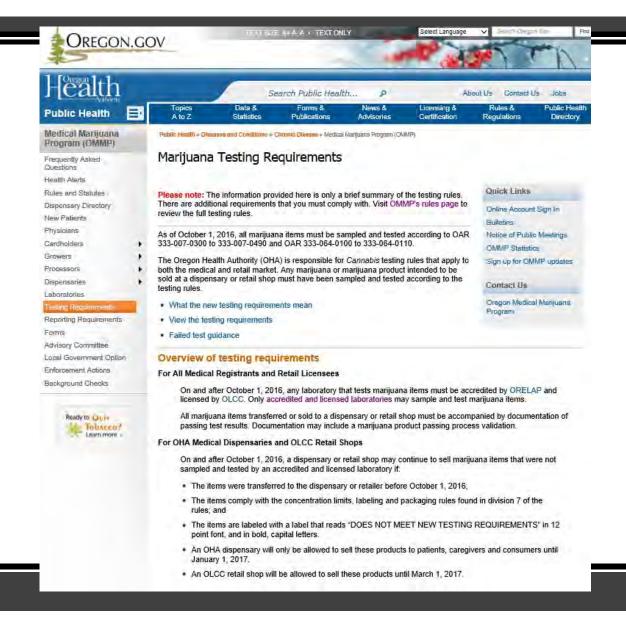
Government

Local Option Opt-Out Form Cities/Counties Prohibiting Licensed Recreational Marijuana Facilities









OLCC Administrative Rules - Division 25

Processor

Wholesale

- Definitions
- Application Process
- Security
- Health
- Producers
- Retail











Research

OHA)

Testing (majority of rules with OHA)

Labs (majority of rules with









- Packaging
- CTS
- Transportation
- Waste Disposal
- Advertising
- Compliance

Producers Who can you sell and transfer product to?

- Usable marijuana to a processor, wholesaler, retailer, laboratory, non-profit dispensary, or research certificate holder;
- Whole, non-living marijuana plants that have been entirely removed from any growing medium to a processor, wholesaler, non-profit dispensary or research certificate holder;
- Immature marijuana plants and seeds to a producer, wholesaler, retailer or research certificate holder;
- Marijuana waste to a producer, processor, wholesaler, or research certificate holder



Producers Who can you receive product from?

- Immature marijuana plants and seeds from a producer, wholesaler, or research certificate holder;
- Marijuana waste from a producer, processor, wholesaler, retailer, laboratory, or research certificate holder; and
- Usable marijuana you produced that has been stored by a wholesaler on your behalf.



Producers Helpful Reminders



- You can establish a new canopy size at recertification, this includes adding mixed cultivation
- ODA has a guide list available on their website for pesticides that are labeled broadly enough to be used on marijuana. Please call or email ODA if you have questions about best practices or using pesticides on your crop
- Once you harvest you have 45 days to segregate your harvest into lots and tag with METRC tags. It is very important you do this so your inventory is correct in the system

Processors Who can you sell and transfer products to?



- Cannabinoid concentrates, extracts, and products for which you have an endorsement to a processor, wholesaler, retailer, non-profit dispensary, or research certificate holder; and
- Marijuana waste to a producer, processor, wholesaler, or research certificate holder.

Processors Who can you receive products from?

- Processors
- Whole, non-living marijuana plants that have been entirely removed from any growing medium from a producer, wholesaler, or from a research certificate holder;
- Usable marijuana from a producer, wholesaler, or from a research certificate holder;
- Cannabinoid concentrates, extracts and products from another processor with an endorsement to manufacture the type of product received, or from a research certificate holder;
- Marijuana waste from a producer, processor, wholesaler, retailer, laboratory, or research certificate holder; and
- Cannabinoid concentrates, extracts, and products you produced that have been stored by a wholesaler.

Processors Helpful Reminders



- You need an endorsement for the type of processing you are engaging in (concentrates, extracts, edibles and/or topicals)
- Testing needs to be performed at the appropriate time even if you are vertically integrated
- To make medical grade products for sale at OLCC retail stores you need to have the medical grade form approved by OLCC
- You cannot process CBD derived from hemp at an OLCC licensed location

Retailers Who can you sell or transfer to?



- Marijuana items to a consumer 21 years of age or medical card holders 18 years and older
- Marijuana waste to a producer, processor, wholesaler, or research certificate holder.
- Return marijuana items to a producer, processor or wholesaler who transferred the item to the retailer.

Retailers Who can you receive product from?

- Usable marijuana, immature marijuana plants, and seeds from a producer or from a research certificate holder;
- Cannabinoid concentrates, extracts, and products from a processor with an endorsement to manufacture the type of product received or from a research certificate holder;
- Any marijuana item, except for whole, non-living marijuana plants, from a wholesaler; and
- Any marijuana item from a laboratory



Retailers Helpful Reminders



- Cannot sell or give away materials used for home extraction
- Cannot give discounts if conditioned on sale of other items (i.e. no "buy two joints, get the third 1/2 off")
- Cannot sell without verifying age of every customer
- If selling a hemp based CBD item for human consumption it must be packaged, labeled and tested according to the rules
- Need to have approval from the OLCC prior to making any customer deliveries
- If selling Medical Grade products, you must verify the products are only being sold to OMMP cardholders

Wholesalers Who can you sell and transfer to?



- Any type of marijuana item to a retailer, wholesaler, non-profit dispensary or research certificate holder,
 - whole, non-living marijuana plants may not be transferred to a retailer or to a nonprofit dispensary;
- Immature marijuana plants and seeds to a producer;
- Usable marijuana back to the producer you were storing the usable marijuana for;
- Usable marijuana, cannabinoid extracts and concentrates to a processor licensee; and
- Marijuana waste to a producer, processor, wholesaler or research certificate holder.

Wholesalers Who can you receive products from?



- Any type of marijuana item from a wholesaler;
- Cannabinoid concentrates, extracts, and products from a processor with an endorsement to manufacture the type of product received;
- Seeds, immature plants or usable marijuana from a producer;
- Whole, non-living marijuana plants that have been entirely removed from any growing medium from a producer; and
- Marijuana waste from a producer, processor, wholesaler, retailer, laboratory, or research certificate holder.

Wholesalers Helpful Reminders



- Can store and transport on behalf of other licensees
- Hold auctions and sell product to other licensees

Marijuana Worker Permits Who must have one?

- Marijuana Worker Permit
- Originally, the statute required only those working in retail shops to have a permit (similar to an alcohol service permit)
 - In February 2016 the legislature expanded the requirement to all employees of any licensee
 - Anyone participating in the possession, securing or selling of marijuana, recording possession, securing or selling, verifying age of purchasers, or supervising any of these activities
- Licensees are responsible for making sure employees, even temporary, have a valid MWP and need to list all employees in MFTRC.

Resources

Business Readiness Guide

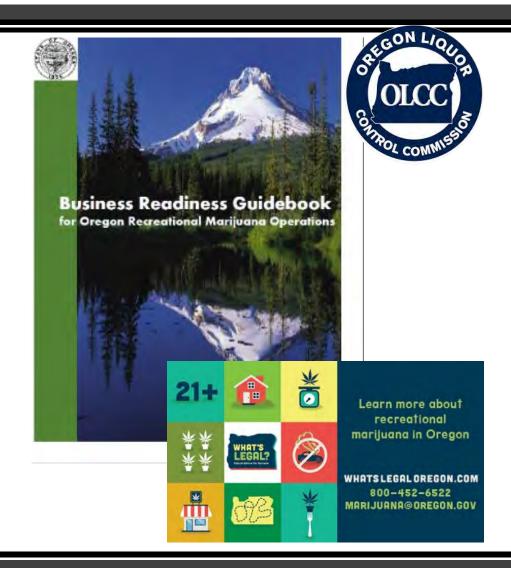
- Contains guidance on outside agencies, requirements
- Downloadable from OLCC website

www.marijuana.oregon.gov

What's Legal?

Basic information on possession, limits, use

www.whatslegaloregon.com



Resources

State Agencies Regulating Marijuana

 Infographic on "who does what" downloadable from OLCC website

www.marijuana.oregon.gov

Coming early 2017

What's Legal? 2.0

 Legal business practices, retail sales, update on consumer responsibilities

Go Legal!

 B2B campaign to engage industry on value of licensed environment





METRC AND TESTING RULES

OLCC Recreational Marijuana Program Update

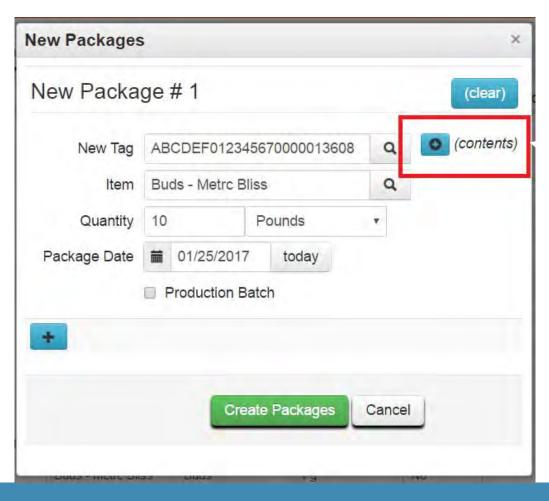
January – February, 2017

TJ Sheehy MJ Data Analyst tj.sheehy@oregon.gov

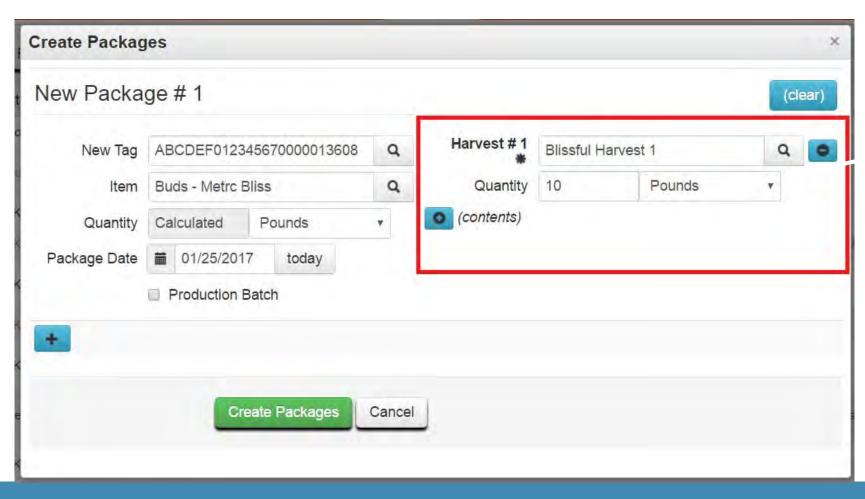
General Reminders and Common Mistakes

- Harvest Lots must be created as a package in Metrc within 45 days of harvest
- Packages must be created out of a harvest or another package don't create packages from nowhere!

Wrong!!



Right



Changes to the OHA Testing Rules (for producers)

- Harvest Lots no longer single-strain
 - "Harvest lot" means a specifically identified quantity of marijuana that is cultivated utilizing the same growing practices, harvested within a 48-hour period at the same location and cured under uniform conditions.

Changes to the OHA Testing Rules, cont'd

Test Type	Can sample from multiple batches?	Can be multi-strain?	Maximum size of combined batches
Moisture Content/ Water Activity	No	Yes	Cannot be combined
Potency	Yes	No	No maximum
Pesticides	Yes	Yes	10 lbs

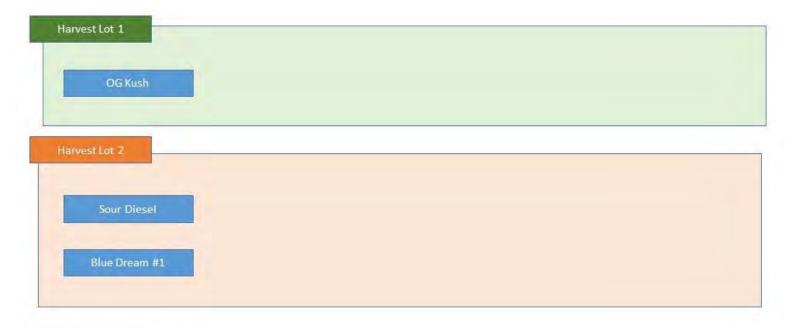
OLCC "Limited Pesticide Testing" Temporary Rule (Usable Marijuana only)

- "Limited Pesticide Testing" is only applicable to OLCC producers
- OLCC rule coexists with OHA "combinability" rule producers choose one option or the other depending on specific circumstances
- Minimum of one-third of batches within a harvest lot must be tested for pesticides
- 100% of batches must be tested for other required tests

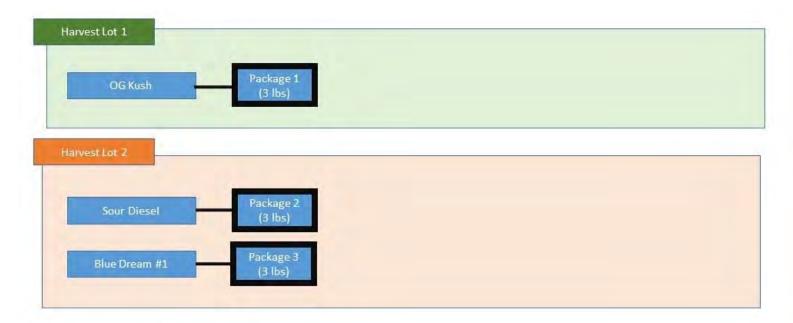
Harvest lot size in pounds	Number of batches required for testing pesticides only	Number of batches required for all other required testing (every 10 lb batch)		
0-30	1	3		
31-60	2	6		
61-90	3	9		
91-120	4	12		
121-150	5	15		
151-180	6	18		
181-210	7	21		

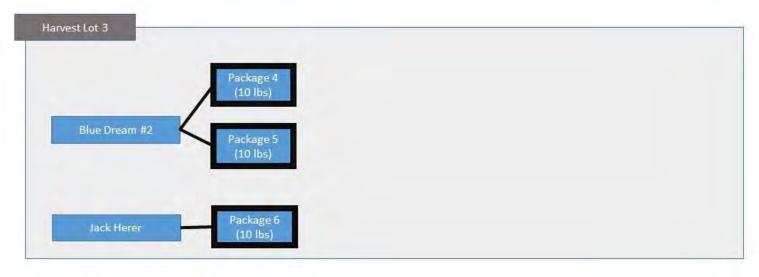
Recommended Metrc Sampling Procedure

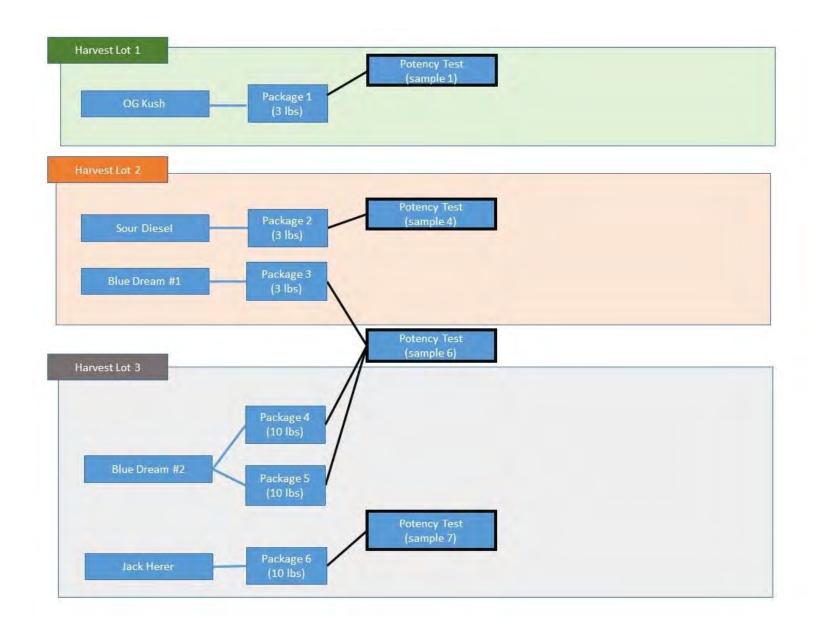
- Reminder: Labs physically take samples, but client licensee has to create the sample in Metrc
- Other methods of setting up samples possible if OLCC can verify all protocols/requirements met
 - Potency samples taken from packages of same strain
 - Pesticide samples come from batches that do not exceed 10 lbs
 - Water activity/moisture content samples are from single batch within harvest lot
- Labs required to file Sampling Protocol Plan with ORELAP

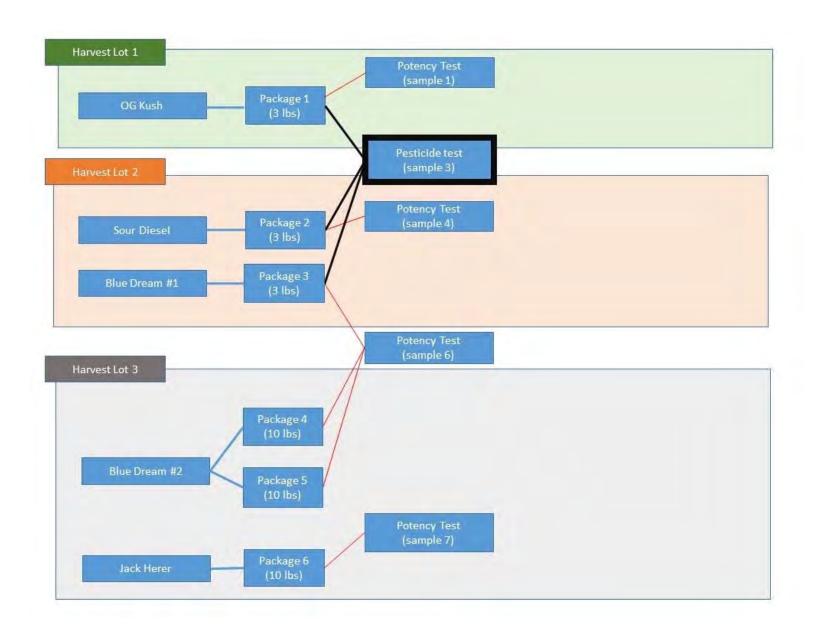


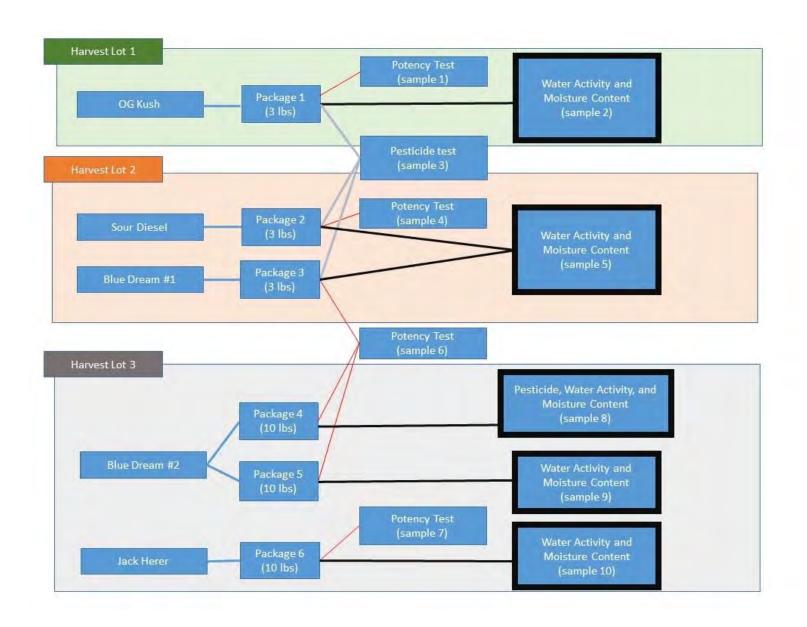


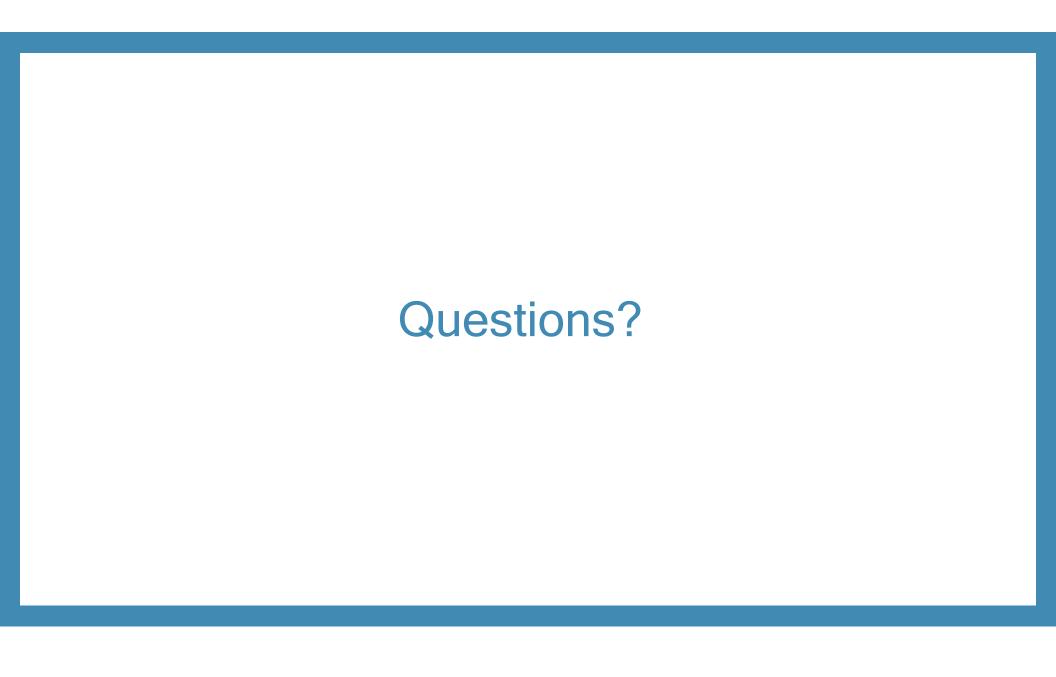














►OLCC's Role:

The Oregon Legislature gave the OLCC authority to administer and enforce the Bottle Bill.

The OLCC is dedicated to the success of the Bottle Bill by working with distributors, retailers, redemption centers, and consumers to make sure they are complying with state laws.

- The following types of beverages in containers 3 liters and under are <u>currently</u> included in Oregon's Bottle Bill:
 - Water (flavored, mineral, soda, etc.)
 - Carbonated Soft Drinks
 - Beer or other Malt Beverages

Any store that sells these beverages is required to redeem empty containers.

Generally:

- Stores 5,000 sq ft or larger must redeem up to 144 empty containers per person per day.
- These stores may limit containers to the kinds (water, soft drinks, or beer) that they sell.
- Stores under 5,000 sq ft must redeem up to 50 empty containers per person per day.
- These stores may limit containers to the brands and sizes of beverages they sell.
- Stores in a redemption center zone have different requirements.
- Email to <u>Bottle.Bill@Oregon.gov</u> to see if your store is in a redemption center zone and how that affects your return requirements.

- April 1, 2017 refund value increase
- The refund value for beverage containers covered under Oregon's Bottle Bill will increase from 5 cents to 10 cents beginning April 1, 2017.
 - Stores are not required to charge a deposit when they sell a covered beverage, but must redeem empty containers for 5 cents prior to April 1 and 10 cents beginning April 1.



▶ 2018 Expansion:

Beginning January 1, 2018, all beverages will be covered under the Bottle Bill except:

- Liquor
- Plant-based milks
- Wine
- Infant formula
- Dairy
- Other exemptions set forth in rule (TBD)

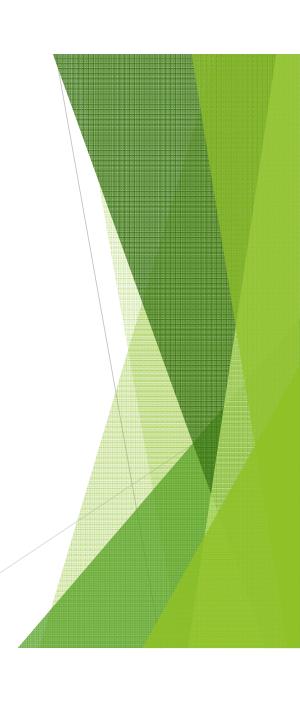
Water, soft drinks, and beer will continue to be covered in containers that are 3 liters or less in size.

The new beverages will be covered in containers from 4 ounces to 1.5 liters in size.

Beverages in cartons, foil pouches, and drinks boxes are excluded. Metal cans that require a can opener are also excluded from the 2018 expansion beverages.

E-mail questions to:
Bottle.Bill@Oregon.gov





MARIJUANA PACKAGING & LABELING

Jamie Dickinson, OLCC Packaging and Labeling Specialist

OLCC Recreational Marijuana Program Update

January – February, 2017



Information covered today

- Bottle Bill labeling information
- Labeling basics
- Changes in labeling rules
- Changes in packaging rules
- Pre-approval process information



Oregon Bottle Bill and Marijuana Labels

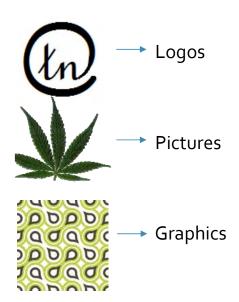
- Qualifying products must have "OR 10¢" beginning April 1, 2017 (water and carbonated soft drinks)
 - Licensees should prepare labels now so that they will be ready for April 1, 2017
- If your label has already been approved but you need to add the Bottle Bill information, email marijuana.packaging@Oregon.gov
 - > You do not need to reapply
- If your label is not approved, your label must have the correct information before it will be approved.
- REMEMBER additional beverages will be covered under the Oregon Bottle Bill beginning January 1, 2018





Label vs. Package

Label = anything written or printed <u>anywhere</u> on the package, includes:



Package = the physical structure that holds the marijuana item NOT the information that is printed on it



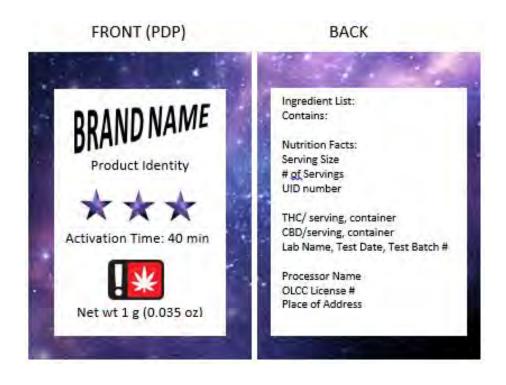
Generic Labels

- Only text required by rule and the universal symbol
 - > Can use pictogram for activation time
- Generic labels do NOT need OLCC approval
 - > No electronic submission is required
 - > Submit generic label by email if you want to make sure it is compliant: marijuana.packaging@Oregon.gov



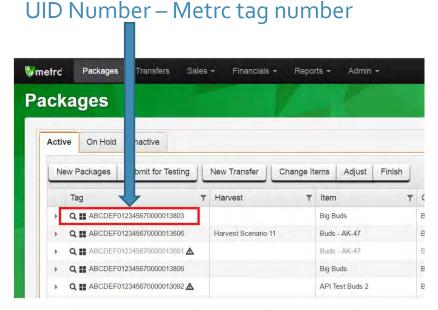
The label shown in this photo is a generic label. It contains no logos, pictures, or graphics.

Is this a generic label?



No. This is not a generic label.

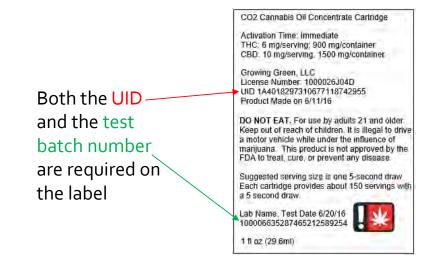
UID Number vs. Test Batch Number



Use the UID number at the time the product is being packaged and labeled.

Test Batch Number – number created by lab at the time of testing.

> Available on the lab test report.



Bulk Transfers from Licensee-to-Licensee

- Licensees do not need to receive OLCC package and label approval for bulk products transferred to another licensee
 - All marijuana items must be packaged in shipping containers and labeled with a UID tag prior to transport (must also have a transport manifest, please see OAR 845-025-7700)

Processors

 Producers – may want to add harvest date to the label on bulk transfer products

RECENT CHANGES IN LABELING RULES

Small Container Labels

- OAR 333-007-0090(4)
- If your container is too small to fit all of the required label information you may have a label on the small container that includes at least the following:
 - 1) Information on a principal display panel (net weight, product identity, and universal symbol);
 - 2) Licensee business or trade name and license number;
 - 3) UID number;
 - 4) Concentration of THC and CBD; and
 - 5) Required Warnings (depends on product type) —

Must be in at least 6 point font

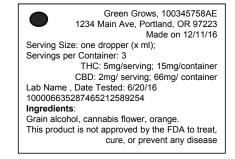
Must be in at least 8 point font

Small Container Labels Continued

- The rest of the required label information must be included in one of the following:
 - The inside of a peel-back or accordion label;
 - On a leaflet or hangtag; Or
 - On an outer container (must include all label information)



Small Container Label (not to scale)



Hangtag Label (not to scale)



(Not both)

Outer Container Label (not to scale)

Cartridges

All cartridges must be labeled with the universal symbol

> The universal symbol must be at least 0.48 inches wide by 0.35 inches tall.





Strain Names

- Words that refer to products that are commonly associated with minors or marketed by minors are prohibited, including some commonly used strain names.
 - Includes strain names that refer to cartoon characters, or are names associated with toys and games marketed to or by children

Prohibited Strain Names:

Girl Scout Cookies, Grape Ape, Candyland, Charlotte's Web, Cinderella, Dr. Who, Bubblelicious, Smurf, Bruce Banner, Death Star, Skywalker, Jedi Kush, LSD, or Blow.

CHANGES IN PACKAGING

Resealable or Single-Use?

Resealable and Continually Child Resistant

 All extracts and concentrates and any cannabinoid products that contain more than 15 mg of THC



Single-Use Child Resistant

 Usable marijuana and cannabinoid products that contain 15 mg of THC or fewer



CONCENTRATION LIMITS VS. PURCHASE LIMITS

Concentration Limits

The amount of THC a product can have in each serving and in the package

Retail Concentration Limits

Type of Item	Max THC per Serving	Max THC in Container
Edibles	5 mg	50 mg
Topicals	N/A	6%
Tinctures	N/A	1,000 mg
Capsules	10 mg	100 mg
Concentrates and Extracts	N/A	1,000 mg
Other	N/A	1,000 mg



Each square is limited to 5 mg THC and the container cannot have more than 50 mg THC.

Purchase limits

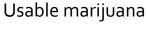
The amount of marijuana a consumer can buy at one time and in one day.

- Cannabinoid products are edibles, topicals, tinctures, and capsules
 - 16 ounces of these products in solid form
 - 72 fluid ounces of these products in liquid form
- Usable marijuana
 - One ounce to recreational consumers
 - 24 ounces to patients and caregivers
- Concentrates and Extracts
 - 5 grams, whether sold alone or in an inhalant delivery system
- Four Plants and Ten Marijuana Seeds

Solid cannabinoid products



Liquid cannabinoid products





Concentrates and Extracts





PRE-APPROVAL PROCESS CHANGES

Pre-Approval Process

March 2017

SUN	MON	TUE	WED	THU	FRI	SAT
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

- No refunds of application fee
- If application is not compliant when submitted a second time, the application will be denied starting on March 1, 2017.
- Wholesalers and Retailers if you receive a marijuana item that is not packaged or labeled in accordance with the rules, you must notify the Commission and return the marijuana item to the licensee who transferred the item to you.
 - It is a violation to sell a marijuana item that is not packaged and labeled correctly. OAR 845-025-7040.

QUESTIONS ABOUT PACKAGING OR LABELING?

Email: Marijuana.packaging@Oregon.gov