



2023 LEGISLATIVE SESSION SUMMARY

Rosetta Shatkin | June 25, 2023



CONTENTS

CONTENTS	2
2023 LEGISLATIVE SESSION SUMMARY OVERVIEW	3
OLCC’S BUDGET AND LEGISLATIVE PRIORITIES	5
BUDGET AND FINANCIAL ADMINISTRATION	5
<i>SB 5519 OLCC WORKLOAD, STAFFING AND MANAGEMENT ANALYSIS:</i>	<i>5</i>
<i>HB 2931 LABORATORY LICENSEE INTEGRATION & REFERENCE LAB* STATUS</i>	<i>6</i>
<i>HB 3308 REGULATORY FRAMEWORK FOR ALCOHOL DELIVERY</i>	<i>6</i>
<i>HB 2013 DIRECT TO RETAILER AND DIRECT SHIPPER PERMITS</i>	<i>7</i>
STAKEHOLDER ALCOHOL AND CANNABIS LEGISLATION	8
<i>HB 3610 TASK FORCE ON ALCOHOL PRICING AND ADDICTION SERVICES</i>	<i>8</i>
<i>SB 326 OWNER OF REAL PROPERTY TO CLEAN UP WASTE FROM SITE</i>	<i>8</i>
<i>SB 954 UPDATES SEARCH WARRANT STATUTE FOR MULTI-JURISDICTIONAL INTERRELATED CONDUCT</i>	<i>9</i>
LEGISLATION RELATING TO OLCC	10
<i>HB 2112 ADDED RECORDS RETENTION FOR TRIBAL CULTURAL PURPOSES</i>	<i>10</i>
<i>HB 2805 RELATING TO PUBLIC MEETINGS AND USE OF INTERMEDIARIES</i>	<i>10</i>
<i>SB 11 RELATING TO PUBLIC MEETINGS AND USE OF ELECTRONICS</i>	<i>10</i>
<i>SB 1052 MODIFIES CRIMES RELATED TO INVOLUNTARY SERVITUDE AND HUMAN TRAFFICKING</i> ..	<i>11</i>
<i>SB 1095 GUIDANCE FOR COMMISSIONS BASED ON CONGRESSIONAL DISTRICTS</i>	<i>11</i>
BILLS IN COMMITTEE UPON ADJOURNMENT	13
<i>HB 3049 DIRECTING THE OLCC TO ESTABLISH ANNUAL REGISTRATION PROGRAM AND LABELING FOR INDUSTRIAL HEMP PRODUCT</i>	<i>13</i>

2023 LEGISLATIVE SESSION SUMMARY OVERVIEW

The 82nd Legislative Assembly convened on Tuesday, January 17, 2023, and adjourned Sine Die on Sunday, June 25, 2023. For the OLCC, we pivoted away from the unprecedented challenges brought on by the COVID crisis, shifting to a new Governor, new Legislative leadership and a new policy around customer service.

On Monday, January 9, 2023, legislative members, statewide elected officers, and Oregon's 39th Governor, Tina Kotek, were sworn in. Eager to get to work, Governor Kotek advanced a new set of expectations and priorities two days after inauguration. She directed agency leaders to become more efficient in their duties and empower public employees to deliver better customer service. Agencies were also required to establish better customer service through Diversity, Equity, and Inclusion Plan (DEI) and Affirmative Action Plans. Agencies without an action plan were required to complete an initial plan by June 1, 2023. Additionally, House Bill 2167 (2021) requires each agency budget request to include a racial impact statement.

The Governor's legislative priorities were, in large part, slated to support Oregon's public health and address the addiction crisis. The OLCC's alcohol delivery concept (HB 3308) aligned with the Governor's priorities and was subsequently approved in the Recommended Budget (GRB). The approved concept also fell within the backdrop of a temporary \$.50 per bottle surcharge on distilled alcohol. This was in addition to the temporary surcharge set in 2009. The GRB also anticipated \$14-\$15 million in new revenue by adding 10 liquor stores and fees associated with the regulation of home delivery of alcohol. After several public hearings, Governor Kotek suspended the proposed surcharge, citing a better than expected revenue forecast ([2023 Revenue Forecast](#)) to support behavioral health services. Also, since the new surcharge dollars would go directly into General fund, it dampened the desire to pursue funding that would require specific action by the legislature.

This year's cannabis legislative priorities resulted from an inclusive and collaborative discussion among the Legislative Task Force Members on Cannabis-Derived Intoxicants and Illegal Cannabis Production (TF). The TF was directed by HB 3000 (2021), and expanded by SB 1564 (2022), to consider changes to state law that would address the proliferation of organized crime and human trafficking in the illicit marijuana market. The TF revisited the need for a cannabis reference lab and asked that cannabis items for human consumption to be regulated in a way that is not appealing to minors.

As session continued, the Department of Revenue (DOR) reported that roughly \$18 million in cannabis retail tax revenue went unpaid. According to DOR, retail dispensaries have about a nine percent rate of unpaid taxes compared to three percent with other businesses. The Governor immediately directed the DOR and OLCC to ensure a higher rate of compliance from cannabis retailers. The OLCC will undergo permanent rulemaking over the next few months to require marijuana retailers to obtain a Certificate of Tax Compliance from the DOR as a condition for acquiring or renewing their license.

In general, executive branch agencies are discouraged from requesting legislation without Governor approval. As such, several legislative concepts approved during the early stages of the legislative process were subsequently disapproved. However, several key concepts that aligned with Governor Kotek's public health priorities were approved after the start of the 2023 legislative session. Below are the legislative concepts that were approved under the previous administration and concepts (with bill number) that were approved for filing:

- Establishing a testing laboratory for the OLCC licensee within the Department of Agriculture's new lab facility **(HB 2931 Enrolled)**
- Requiring manufacturers making hemp items for human consumption to obtain licensure from the OLCC **(HB 3049)**
- Establishing a grant program that aligns with the values outlined in the Diversity, Equity, and Inclusion (DEI) Action Plan for OLCC licensees
- Establish symmetry in alcohol and marijuana licensing processes
- Eliminate privilege tax bond requirement
- Establish regulatory framework for Alcohol Delivery **(HB 3308 Enrolled)**

Early in the session, Senate Republicans decided not to waive rules suspension thereby requiring all bills to be read on the Senate floor before a vote. On May 3, members of the Senate minority party initiated the longest walkout in Oregon's history. The walkout delayed legislative action on key budgetary and policy bills. After much negotiation on some of the more contentious bills, the walkout ended on June 15. With much optimism, lawmakers rushed to meet the constitutional deadline to sine die on May 25, 2023.

Of the 2,970 measures introduced this session, 22% or 653 eventually made it through both chambers. While many of our legislative requests did not make it to a final draft proposal, of the three that did make it, two now awaits Governor Kotek's signature. A third priority bill, HB 2013, (at the request of House Interim Committee on Economic Development and Small Business for Rep. Janelle Bynum) also made its way through both chambers and signed by the Governor.

OLCC'S BUDGET AND LEGISLATIVE PRIORITIES

The Legislation tracked for the 2023 session is organized based on OLCC's priorities and measures advocated by stakeholder groups and other agencies that are related to OLCC. Combined, OLCC's priority legislative package will achieve meaningful changes and help support our mission to balance the needs of licensees with the public health and safety needs of the consumers.

BUDGET AND FINANCIAL ADMINISTRATION

SB 5519 OLCC WORKLOAD, STAFFING AND MANAGEMENT ANALYSIS:

Declares emergency, effective July 1, 2023.

At the request of: Oregon Department of Administrative Services

House vote: Ayes-39, Nays-12, Excused-6; **Senate vote:** Ayes-16, Nays-7, Absent-6

[SB 5519 Enrolled](#) is the budget bill for the OLCC. The Legislature approved a budget of \$367,611,654 Other Funds and 376 positions (373.02 FTE), a 7.6% increase from the 2023-25 current service level. Warehouse and Nonbonded IT Costs approved for \$7.5 million Other Funds expenditure limitation for costs in anticipation of the move to a new warehouse facility. Completion of construction is not anticipated until early 2025-27 session. The McLoughlin warehouse, and office spaces which currently houses administration, licensing, financial services, distilled spirits, and hearings in its 282,000 square feet has been appraised at \$28 million.

The budget eliminated vacant positions, reclassified positions to use for existing position authority, and added one position to help address public records requests in a timelier manner due to increase demand.

- Additional funds for agent compensation and bank card fees due to sales above forecasted levels.
- Order portion of fixtures and equipment needed for the new warehouse and headquarters in anticipation of relocation.
- Replacement of vehicles in the agency's motor pool.
- Address public records requests in a timelier way with additional administrative specialist.
- Update communications and outreach for recreational marijuana licensees and consumers.
- Provide for inspections of licensed cannabis testing laboratories and audits of results.
- Support the creation of a cannabis reference laboratory (HB 2931) at the ODA.
- Reclassify positions to allow for more efficient use of existing position authority.

The OLCC must provide LFO an analysis of workload and staffing in the areas of licensing, public safety, policy development, and communications by December 2024. The purpose is to determine the extent to which positions devote time to liquor vs. cannabis. The OLCC must also report on its organizational management structure, specifically evaluating the classifications, and oversight authority of Division directors and Executive Team members to LFO.

	2019-21 Actual	2021-23 Legislatively Approved	2023-25 Current Service Level	2023-25 Approved

Other Funds	250,165,490	494,461,019	341,666,393	367,611,654
Total Funds	\$250,165,490	\$494,461,019	\$341,666,393	\$367,611,654
Positions	364	386	384	376
FTE	361.29	382.16	382.00	373.02

HB 2931 LABORATORY LICENSEE INTEGRATION & REFERENCE LAB* STATUS

Effective 91st day following adjournment sine die.

At the request of: Representatives Lily Morgan, Pam Marsh

Committees: House Committee on Judiciary; Ways and Means

House vote: Ayes-57; Nays-2; Excused-1 **Senate vote:** Ayes-23; Nays-1; Absent-6

In 2019, the Oregon Secretary of State (SOS) audited the OLCC’s framework for marijuana regulation and made recommendations on ways to strengthen the program to better mitigate risk and improve laboratory testing. The audit scope covered both OLCC and OHA processes; and included 8 OLCC recommendations, and 9 for OHA.

[HB 2931 Enrolled](#) is one of several recommendations from the SOS and reconfirmed by the HB 3000 Task Force on Cannabis-Derived Intoxicants and Illegal Cannabis Production. The Legislative Task Force Members (TF) were directed by House Bill 3000 (2021), and expanded by Senate Bill 1564 (2022), to consider legislative changes to state law that would maintain quality control and fairness in the laboratory industry.

HB 2931 establishes a cannabis reference laboratory to support enforcement of cannabis regulation. The bill includes a laboratory licensed by commission within the definition of licensee for purposes of regulation of adult use cannabis. The new lab facility will enable the OLCC to provide clear regulatory protection for consumers by aiding in investigating compliance concerns regarding cannabis and related products. The OLCC will also be able to address compliance complaints at laboratory under our authority.

HB 3308 REGULATORY FRAMEWORK FOR ALCOHOL DELIVERY

Effective 91st day following adjournment sine die.

At the request of: Representative Paul Holvey (at the request of Governor Tina Kotek)

Committees: House Committee on Economic Development and Small Business; Subcommittee on Transportation and Economic Development; Ways and Means

House vote: Ayes-56; Nays-0; Excused-4 **Senate vote:** Ayes-22; Nays-2; Absent-6

During the COVID-19 emergency, the OLCC allowed third-party ecommerce platforms to facilitate the ordering and delivery of alcohol from licensees and distillery agents to customers. Both the licensees and the ecommerce operators were required to follow an interim policy for offering/using

order facilitation services on third-party platforms. The number of for-hire-carriers doubled from February 2020 to February 2021. In 2021, SB 317 permanently allowed Full-On-Premises Sales licensees to sell cocktails and single servings of wine to-go. In the same year, the OLCC asked the legislature to codify the commission's enforcement framework to help regulate home delivery of alcohol. The dramatic growth in the use of these services and the interest in convenience on the part of consumers to access these resources for delivery of alcohol continued to grow.

[HB 3308 Enrolled](#) reflects OLCC's work with stakeholders to develop a systemic approach to the delivery of alcohol to the door. The bill allows the commission to regulate home delivery of alcohol beverages by eligible businesses, delivery persons, and third-party delivery facilitators. The commission will be able to issue permits to third-party delivery facilitators to deliver alcoholic beverages on behalf of a business or an agent with authority to deliver to the final customer at the delivery address. The bill also expanded the OLCC's options for evaluating the methods employed by the third-party delivery for age verification or the technology used to facilitate the sale of alcohol to ensure that those sales are occurring in a manner that is consistent with Oregon law. The eligible business or third-party delivery facilitator is required to develop an alcohol delivery training program.

HB 3308 was approved in the GRB to support six permanent full-time positions - five Liquor regulatory specialists to create, manage, and staff decoy operations in each of OLCC's five regions; and one compliance specialist for the AHD to evaluate and manage alleged violations of unlawful deliveries to minors or any other issues discovered during compliance activities.

HB 2013 DIRECT TO RETAILER AND DIRECT SHIPPER PERMITS

Effective 91st day following adjournment sine die.

At the request of: (at the request of House Interim Committee on Economic Development and Small Business for Representative Janelle Bynum)

Committees: House Committee on Economic Development and Small Business; Subcommittee on Transportation and Economic Development; Ways and Means

House vote: Ayes-58; Nays-1; Excused-1 **Senate vote:** Ayes-24; Nays-0; Absent-6

Washington breweries and a Hood River County resident filed a lawsuit alleging that parts of Oregon's liquor law violates the Commerce Clause by prohibiting out-of-state breweries from shipping beer directly to consumers and distributing beer directly to retailers.

[HB 2013 Enrolled](#) amends the related provision to allow manufactures of malt beverages located in another state or U.S. territory to sell and transport malt beverages directly to eligible Oregon retail licenses. \$175,000 provided within SB 5519 for the biennium, to the OLCC to modify its existing IT system for the filing of reports on the quantity of beverages shipped and allow the OLCC to keep pace with the regulatory challenges brought on by amending 471.274 and 471.282.

STAKEHOLDER ALCOHOL AND CANNABIS LEGISLATION

HB 3610 TASK FORCE ON ALCOHOL PRICING AND ADDICTION SERVICES

Effective 91st day following adjournment sine die.

At the request of: Representatives Twana Sanchez, Rob Nosse

Committees: Transportation and Economic Development; Ways and Means

House vote: Ayes-38; Nays-19; Excused-3 **Senate vote:** Ayes-17; Nays-8; Absent-5

[HB 3610 Enrolled](#) creates a 20-member Task Force to study alcohol addiction and prevention; alcohol pricing and the distribution of resources for alcohol addiction treatment; the current overall funding for alcohol addiction treatment programs; the cost to this state of alcohol addiction; and the benefits and drawbacks of imposing taxes on malt beverages and wine.

The task force is also to study additional funding options for alcohol addiction treatment, including modifying the current distribution of alcohol tax revenue, increasing taxes on alcohol, and the potential economic impact of tax increases on relevant industries. A report to the interim legislative committees related to health is due no later than September 15, 2024. The task force sunsets on December 31, 2024.

The OLCC is to provide staff support for the task force, and the task force is to consult with the Legislative Revenue Office (LRO). LRO and OLCC will absorb the work of supporting the task force using existing resources.

SB 326 OWNER OF REAL PROPERTY TO CLEAN UP WASTE FROM SITE

Effective upon passage.

At the request of: Senate Interim Committee on Judiciary and Ballot Measure 110 Implementation

Committees: Subcommittee Transportation & Economic Development; Ways and Means

House vote: Ayes-53; Nays-3; Excused-4 **Senate vote:** Ayes-16; Nays-12; Absent-2

[SB 326 Enrolled](#) is one of several recommendations from the Task Force on Cannabis-Derived Intoxicants and Illegal Cannabis Production. The TF was created by House Bill 3000 (2021), and expanded by Senate Bill 1564 (2022), to consider legislation to changes to state law relating in order to increase efficiency for the processing of search warrants.

The measure holds **real property owners responsible for the cleanup** of any waste from illegal cannabis operations on a site within 30 days of receiving written notification from a law enforcement agency. If failure to complete cleanup within the allotted time, cities and counties may pursue civil proceedings for public nuisance abatement and also file a claim of lien on real property at the site where the illegal operation occurred.

SB 326 **creates a Class B felony** for persons that are not licensed under cannabis statutes if there is possession of more than 32 times the legal amounts of cannabis or cannabinoid products regardless of age; for manufacturing if more than 100 plants; or if either of these violations is

accompanied by specified reckless unlawful conduct or knowing unlawful conduct related to working or environment conditions.

SB 954 UPDATES SEARCH WARRANT STATUTE FOR MULTI-JURISDICTIONAL INTERRELATED CONDUCT

Effective upon passage.

At the request of: Senate Interim Committee on Judiciary and Ballot Measure 110 Implementation

Committees: Senate and House Committee on Judiciary.

House vote: Ayes-51; Nays-5; Excused-4 **Senate vote:** Ayes-24; Nays-4; Excused-2

[SB 954 Enrolled](#) is one of several recommendations from the Task Force on Cannabis-Derived Intoxicants and Illegal Cannabis Production.

The bill permits a circuit court judge to authorize and have oversight over execution of search warrant outside judicial district for deconfliction when carried on in multiple counties or jurisdiction - regardless of whether regularly elected or appointed judge for that judicial district is available.

Creates exceptions for jurisdictions involved in illegal sites associated with homicides, thefts, environmental degradation, water theft, involuntary servitude, humanitarian issues and fires.

LEGISLATION RELATING TO OLCC

HB 2112 ADDED RECORDS RETENTION FOR TRIBAL CULTURAL PURPOSES

Chapter 35, (2023 Laws): Effective date January 1, 2024.

At the request of: Secretary of State Shemia Fagan

Committees: House Committee on Rules

House vote: Ayes-60; Nays-0; Excused-0; **Senate vote:** Ayes-25; Nays-4; Excused-1

[HB 2112 Enrolled](#) adds tribal cultural purposes to considerations when appraising records for retention. Each state agency and commission are required to maintain a public record - statutorily defined as any information that is prepared, owned, used, or retained by a state agency or political subdivision. By adding tribal cultural purposes, the bill makes record retention consistent with the purposes and values in statute for retention of public records as legal, administrative, fiscal, tribal cultural, historical or research. Further updates definitions and terminology used in public records law pertaining to records retention, in accordance with a retention schedule authorized by statute (ORS 192.018, ORS 192.105, 192.108).

HB 2805 RELATING TO PUBLIC MEETINGS AND USE OF INTERMEDIARIES

Effective 91 days after adjournment sine die.

At the request of: Representatives Sosa, Neron, Morgan

Committees: Emergency Management, General Government, and Veterans.

House vote: Ayes-45; Nays-7; Excused-3; **Senate vote:** Ayes-19; Nays-6; Excused-5

[HB 2805](#) changes Oregon Public Meetings Law by specifying that the use of serial written communication or the use of intermediaries to communicate may constitute a quorum of a governing body under certain circumstances. The bill expands the authority of the Oregon Government Ethics Commission (OGEC) to provide annual public meeting law trainings and the authority to conduct investigations of complaints of violations of the public meetings law. The communication through an intermediary, however, does not apply to communications among members that are: 1) purely factual or educational and convey no deliberation or decision on matters that may come before the body; 2) not related to any matter that could be reasonably foreseen to come before the governing body for deliberation; or 3) non-substantive in nature.

SB 11 RELATING TO PUBLIC MEETINGS AND USE OF ELECTRONICS

Effective date January 1, 2024

At the request of: Senator Gorsek

Committees: Senate and House Committees on Rules

House vote: Ayes-50; Nays-1; Excused-1 **Senate vote:** Ayes-28; Nays-0; Excused-2

[SB 11 Enrolled](#) requires state boards and commission within the executive office and are subject to Senate confirmation to conduct public meetings through electronic means, to record and publish the meetings on a publicly accessible website or hosting service where it may be viewed or listened to free of charge.

SB 1052 MODIFIES CRIMES RELATED TO INVOLUNTARY SERVITUDE AND HUMAN TRAFFICKING

Effective on passage.

At the request of: Senator Taylor, Knopp, Representative Morgan, Marsh (for Attorney General Ellen F. Rosenblum)

Committees: Senate and house Committee on Rules

House vote: Ayes-56; Nays-0; Excused-4 **Senate vote:** Ayes-24; Nays-3; Excused-3

In 2020, the Oregon Department of Justice formed a Labor Trafficking Task Force (TF) to study and make recommendations for policy improvements human trafficking laws in the 2023 session. The TF included a broad array of advocates, state and federal enforcement officers, legislators and key stakeholders. The TF also looked to legislation in other states and proposed modification based on the uniform Law Commission.

[SB 1052 Enrolled](#) is based on the Task Force recommendations. The bill expands Oregon laws by updating labor trafficking law to include as a form of human trafficking. Also provides protection for victims and survivors who are subject to involuntary servitude through force of another person to continue to engage in services by subjecting the person to various acts, including debt bondage, withholding medical care, controlling the access to controlled substances; it increases the penalties when the victim is a minor.

The bill also sets requirement for the Board on the Department of Public Safety Standards and Training (DPSST) to add to their existing human trafficking training and reporting cases involving labor trafficking and sex trafficking of children and adults in the minimum training that police officers are required to complete to obtain basic police officer certification. The OLCC is one of several agencies who the DOJ determined is likely to come into contact with potential human trafficking victims.

SB 1095 GUIDANCE FOR COMMISSIONS BASED ON CONGRESSIONAL DISTRICTS

Declares emergency, effective on passage.

At the request of: Senate Committee on Rules

Committees: Senate and house Committee on Rules

House vote: Ayes-39; Nays-13; Excused-7 **Senate vote:** Ayes-21; Nays-4; Excused-5

[SB 1095 Enrolled](#) provides guidance to government agencies' membership for boards and commission that are based on congressional district lines. Oregon's population growth between

2010 and 2020 apportioned a sixth congressional district. In addition to the OLCC, several boards and commissions have a portion of their membership that are based on congressional districts. As such, many do not have representation from the sixth congressional district.

Government Unit(s) Affected: Oregon Liquor and Cannabis Commission, Secretary of State, Travel Information Council, Oregon Medical Board, Parks and Recreation Department, Department of Education, Board of Examiners for Engineering and Land Surveying, Department of Fish and Wildlife, Oregon Business Development Department, Legislative Assembly, Higher Education Coordinating Commission.

BILLS IN COMMITTEE UPON ADJOURNMENT

HB 3049 DIRECTING THE OLCC TO ESTABLISH ANNUAL REGISTRATION PROGRAM AND LABELING FOR INDUSTRIAL HEMP PRODUCT

Declares emergency, effective on passage.

HB 3049 is based on one of several recommendations from the Task Force on Cannabis-Derived Intoxicants, HB 3000 (2021). The task force was divided into several sub-committee and created the Cannabinoid subcommittee to take a deeper dive into cannabis testing, tracking requirements and ways to protect minors and unsuspecting adults from purchasing intoxicating cannabis derived products.

It was determined that although the Oregon Department of Agriculture license and regulates primary hemp handlers that oversee raw hemp, the department does not oversee hemp production for consumption in the secondary market when it becomes chemical modified into products for consumption. Additionally, the TF worked with local producers and manufacturers to ensure that regulation would only impact the finished product and the real public safety issues if the CBD products have no labeling requirement to show that it may contain high amounts of THC.

HB 3049 would require manufacturers making hemp items for human consumption to obtain an annual license from the OLCC and utilize the fees upon appropriation, to implement the program. A new license type could be added to 475C to existing OLCC authority to include manufacturers of end user product into the CTS packaging, labeling and testing.