Enrolled

House Bill 5019

Introduced and printed pursuant to House Rule 12.00. Presession filed (at the request of Oregon Department of Administrative Services)

CHAPTER .....

AN ACT

Relating to the financial administration of the Oregon Liquor Control Commission; and declaring an emergency.

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

SECTION 1. Notwithstanding any other law limiting expenditures, the following amounts are established for the biennium beginning July 1, 2017, as the maximum limits for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by the Oregon Liquor Control Commission, for the following purposes:

(1) Administrative expenses ..... $ 69,069,457
(2) Marijuana regulation ..... $ 14,483,634
(3) Agents' compensation..... $123,927,415
(4) Capital improvements ..... $ 227,943

SECTION 2. For the biennium beginning July 1, 2017, expenditures by the Oregon Liquor Control Commission for liquor purchases are not limited.

SECTION 3. This 2017 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2017 Act takes effect July 1, 2017.

Enrolled House Bill 5019 (HB 5019-A) Page 1

Passed by House June 22, 2017

Enrolled
House Bill 2150

Introduced and printed pursuant to House Rule 12.00. Presession filed (at the request of House Special Committee on Small Business Growth)

CHAPTER .....

AN ACT

Relating to electronic administration of alcoholic beverage tax provisions; creating new provisions; amending ORS 473.070; and prescribing an effective date.

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

SECTION 1. ORS 473.070 is amended to read:

473.070. (1) On or before the 20th day of each month, every manufacturer shall file with the Oregon Liquor Control Commission a statement of the quantity of wine, cider and malt beverages produced, purchased or received by the manufacturer during the preceding calendar month.

(2) Notwithstanding subsection (1) of this section, a manufacturer of wine that was not liable for a privilege tax under this chapter in the prior calendar year and that does not expect to be liable for a privilege tax under this chapter in the current calendar year, or a manufacturer of wine that is newly established during the current calendar year and that does not expect to be liable for a privilege tax under this chapter in the current calendar year, may file a single annual statement of the quantity of wine produced, purchased or received by the manufacturer during the current calendar year. The annual statement shall be filed with the commission on or before January 20 of the following year.

(3) The commission shall by rule establish procedures that allow manufacturers or importing distributors to use electronic means to:

(a) File statements required under this section; and

(b) Pay privilege taxes imposed by ORS 473.030 and 473.035.

SECTION 2. The amendments to ORS 473.070 by section 1 of this 2017 Act apply to statements or privilege taxes due on or after July 1, 2019.

SECTION 3. This 2017 Act takes effect on the 91st day after the date on which the 2017 regular session of the Seventy-ninth Legislative Assembly adjourns sine die.

Enrolled House Bill 2150 (HB 2150-A)

Passed by House April 27, 2017

Repassed by House June 6, 2017

.....
Timothy G. Sekerak, Chief Clerk of House

.....
Tina Kotek, Speaker of House

Passed by Senate June 1, 2017

.....
Peter Courtney, President of Senate

Received by Governor:
....., 2017
Approved:
....., 2017

.....
Kate Brown, Governor

Filed in Office of Secretary of State:
....., 2017

.....
Dennis Richardson, Secretary of State

79th OREGON LEGISLATIVE ASSEMBLY--2017 Regular Session

Enrolled

House Bill 3470

Sponsored by JOINT COMMITTEE ON WAYS AND MEANS

CHAPTER .....

AN ACT

Relating to state financial administration; creating new provisions; amending ORS 327.008, 458.555, 458.558, 458.563, 458.578 and 458.580 and sections 7 and 8, chapter 604, Oregon Laws 2011, section 4, chapter 578, Oregon Laws 2013, section 3, chapter 106, Oregon Laws 2014, section 44, chapter 1, Oregon Laws 2015, section 4, chapter 763, Oregon Laws 2015, section 29, chapter 765, Oregon Laws 2015, and section 28, chapter ___, Oregon Laws 2017 (Enrolled House Bill 2795); repealing ORS 469.960, 469.961, 469.962, 469.963, 469.964, 469.965 and 469.966 and sections 49 and 50, chapter ___, Oregon Laws 2017 (Enrolled Senate Bill 908); and declaring an emergency.

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

ADMINISTRATION

SECTION 1. Notwithstanding ORS 173.240:

(1) The Legislative Counsel and the Legislative Fiscal Officer shall conduct a review of state law governing the investment by the State Treasurer of the funds of this state and of local and tribal governments. The purpose of the review is to:

(a) Identify deficiencies in current law; and

(b) Make recommendations to clarify, simplify, consolidate and update the existing statutory framework.

(2) For purposes of the review, the Legislative Counsel and the Legislative Fiscal Officer may consult with the Department of Justice and the State Treasurer and any other officer or employee of this state or of any local or tribal government.

(3) The Legislative Counsel and the Legislative Fiscal Officer shall submit a report in the manner provided in ORS 192.245, and may include recommendations for legislation, to the Joint Committee on Ways and Means, or the Joint Interim Committee on Ways and Means, no later than December 31, 2017.

SECTION 2. Section 1 of this 2017 Act is repealed on January 2, 2018.

SECTION 3. (1) Notwithstanding ORS 221.770, 471.805 and 471.810, for the biennium beginning July 1, 2017, the Oregon Liquor Control Commission may expend moneys from the Oregon Liquor Control Commission Account to pay any expenses incurred by the commission in implementing and carrying out duties under ORS 475B.010 to 475B.395. Any expenditure

made under this subsection is considered a loan and must be repaid as provided in subsection (2) of this section.

(2) Not later than June 30, 2019, the commission shall transfer from the Marijuana Control and Regulation Fund to the Oregon Liquor Control Commission Account an amount

Enrolled House Bill 3470 (HB 3470-A) Page

MARIJUANA REVENUE DISTRIBUTION

SECTION 30. Section 31 of this 2017 Act is added to and made a part of ORS 475B.700 to 475B.760.

SECTION 31. (1) Not later than 30 days before the beginning of each calendar quarter, the Oregon Department of Administrative Services shall forecast and prepare an estimate of the revenue that will be received during the remainder of the current biennium and subsequent three biennia pursuant to the tax imposed under ORS 475B.705. The estimate may be made on the basis of all pertinent information available to the Oregon Department of Administrative Services. Upon making the estimate, the Oregon Department of Administrative Services shall report the estimate to the Legislative Revenue Officer, the Legislative Fiscal Officer and the Department of Revenue.

(2) The Department of Revenue and the Oregon Liquor Control Commission shall provide the Oregon Department of Administrative Services with any information necessary for the Oregon Department of Administrative Services to perform its duties under this section.

SECTION 32. Section 44, chapter 1, Oregon Laws 2015, as amended by section 14, chapter 699, Oregon Laws 2015, and section 219, chapter 767, Oregon Laws 2015, is amended to read:

Sec. 44. [*(1) There is established the Oregon Marijuana Account, separate and distinct from the General Fund.*]

[*(2) The account shall consist of moneys transferred to the account under section 11 of this 2015 Act.*]

[*(3) Subject to subsection (4) of this section, the Department of Revenue shall certify the amount of moneys available for distribution in the Oregon Marijuana Account and distribute the moneys as follows:*]

[*(a) Forty percent must be transferred to the Common School Fund;*]

[*(b) Twenty percent must be transferred to the Mental Health Alcoholism and Drug Services Account established under ORS 430.380;*]

[*(c) Fifteen percent must be transferred to the State Police Account established under ORS 181.175;*]

Enrolled House Bill 3470 (HB 3470-A) Page 6

[*(d) To assist local law enforcement in performing its duties under sections 3 to 70, chapter 1, Oregon Laws 2015, 10 percent must be transferred to the cities of this state in the following shares:*]

[*(A) For all distributions made from the Oregon Marijuana Account before July 1, 2017, in such*

shares as the population of each city bears to the population of the cities of this state, as determined by Portland State University last preceding such apportionment, under ORS 190.510 to 190.610; and]
[*(B) For all distributions made from the Oregon Marijuana Account on or after July 1, 2017:*]
[*(i) Fifty percent of the 10 percent must be transferred in such shares as the number of licenses issued by the commission under sections 19 to 21, chapter 1, Oregon Laws 2015, during the calendar year preceding the date of the distribution for premises located in each city bears to the number of such licenses issued by the commission during such calendar year for all premises in this state; and*]
[*(ii) Fifty percent of the 10 percent must be transferred in such shares as the number of licenses issued by the commission under section 22, chapter 1, Oregon Laws 2015, during the calendar year preceding the date of the distribution for premises located in each city bears to the number of such licenses issued by the commission during such calendar year for all premises in this state;*]
[*(e) To assist local law enforcement in performing its duties under sections 3 to 70, chapter 1, Oregon Laws 2015, 10 percent must be transferred to counties in the following shares:*]
[*(A) For all distributions made from the Oregon Marijuana Account before July 1, 2017, in such shares as their respective populations bear to the total population of this state, as estimated from time to time by Portland State University; and*]
[*(B) For all distributions made from the Oregon Marijuana Account on or after July 1, 2017:*]
[*(i) Fifty percent of the 10 percent must be transferred in such shares as the number of licenses issued by the commission under sections 19 to 21, chapter 1, Oregon Laws 2015, during the calendar year preceding the date of the distribution for premises located in each county bears to the number of such licenses issued by the commission during such calendar year for all premises in this state; and*]
[*(ii) Fifty percent of the 10 percent must be transferred in such shares as the number of licenses issued by the commission under section 22, chapter 1, Oregon Laws 2015, during the calendar year preceding the date of the distribution for premises located in each county bears to the number of such licenses issued by the commission during such calendar year for all premises in this state; and*]
[*(f) Five percent must be transferred to the Oregon Health Authority to be used for the establishment, operation and maintenance of alcohol and drug abuse prevention, early intervention and treatment services.*]
[*(4) A city or county that adopts ordinances prohibiting the establishment of a premises for which a license is issued under section 19, 20, 21 or 22, chapter 1, Oregon Laws 2015, or prohibiting the establishment of an entity for which registration is required under ORS 475.300 to 475.346, is not eligible to receive distributions under this section.*]
[*(5) It is the intent of the Legislative Assembly that the moneys distributed from the Oregon Marijuana Account to the persons listed in subsection (3) of this section are in addition to, and not in lieu of, any other moneys available to such persons.*]

(1) There is established the Oregon Marijuana Account, separate and distinct from the General Fund.

(2) The account shall consist of moneys transferred to the account under ORS 475B.760.

(3)(a) The Department of Revenue shall certify quarterly the amount of moneys available

in the Oregon Marijuana Account.
(b) Subject to subsection (4) of this section, the department shall transfer quarterly 20 percent of the moneys in the Oregon Marijuana Account as follows:
(A) Ten percent of the moneys in the account must be transferred to the cities of this state in the following shares:
(i) Seventy-five percent of the 10 percent must be transferred in shares that reflect the population of each city of this state that is not exempt from this paragraph pursuant to subsection (4)(a) of this section compared to the population of all cities of this state that are not exempt from this paragraph pursuant to subsection (4)(a) of this section, as determined
Enrolled House Bill 3470 (HB 3470-A) Page 7
by Portland State University under ORS 190.510 to 190.610, on the date immediately preceding the date of the transfer; and
(ii) Twenty-five percent of the 10 percent must be transferred in shares that reflect the number of licenses held pursuant to ORS 475B.070, 475B.090, 475B.100 and 475B.110 on the last business day of the calendar quarter preceding the date of the transfer for premises located in each city compared to the number of licenses held pursuant to ORS 475B.070, 475B.090, 475B.100 and 475B.110 on the last business day of that calendar quarter for all premises in this state located in cities; and
(B) Ten percent of the moneys in the account must be transferred to counties in the following shares:
(i) Fifty percent of the 10 percent must be transferred in shares that reflect the total commercially available area of all grow canopies associated with marijuana producer licenses held pursuant to ORS 475B.070 on the last business day of the calendar quarter preceding the date of the transfer for all premises located in each county compared to the total commercially available area of all grow canopies associated with marijuana producer licenses held pursuant to ORS 475B.070 on the last business day of that calendar quarter for all premises located in this state; and
(ii) Fifty percent of the 10 percent must be transferred in shares that reflect the number of licenses held pursuant to ORS 475B.090, 475B.100 and 475B.110 on the last business day of the calendar quarter preceding the date of the transfer for premises located in each county compared to the number of licenses held pursuant to ORS 475B.090, 475B.100 and 475B.110 on the last business day of that calendar quarter for all premises in this state.
(c) Eighty percent of the moneys in the Oregon Marijuana Account must be used as follows:
(A) Forty percent of the moneys in the account must be used solely for purposes for which moneys in the State School Fund established under ORS 327.008 may be used;
(B) Twenty percent of the moneys in the account must be used solely for purposes for which moneys in the Mental Health Alcoholism and Drug Services Account established under ORS 430.380 may be used;
(C) Fifteen percent of the moneys in the account must be used solely for purposes for

which moneys in the State Police Account established under ORS 181A.020 may be used; and

(D) Five percent of the moneys in the account must be used solely for purposes related to alcohol and drug abuse prevention, early intervention and treatment services.

(4)(a) A city that has an ordinance prohibiting the establishment of a premises for which issuance of a license under ORS 475B.070, 475B.090, 475B.100 or 475B.110 is required is not eligible to receive transfers of moneys under subsection (3)(b)(A) of this section.

(b) A county that has an ordinance prohibiting the establishment of a premises for which issuance of a license under ORS 475B.070 is required is not eligible to receive transfers of moneys under subsection (3)(b)(B)(i) of this section.

(c) A county that has an ordinance prohibiting the establishment of a premises for which issuance of a license under ORS 475B.090, 475B.100 or 475B.110 is required is not eligible to receive transfers of moneys under subsection (3)(b)(B)(ii) of this section.

(5) In a form and manner prescribed by the Oregon Liquor Control Commission, each city and county in this state shall certify with the commission whether the city or county has an ordinance prohibiting the establishment of a premises for which issuance of a license under ORS 475B.070, 475B.090, 475B.100 or 475B.110 is required. If a city fails to comply with this subsection, the city is not eligible to receive transfers of moneys under subsection

(3)(b)(A) of this section. If a county fails to comply with this subsection, the county is not eligible to receive transfers of moneys under subsection (3)(b)(B) of this section.

SECTION 33. ORS 327.008 is amended to read:

327.008. (1)(a) There is established a State School Fund in the General Fund.

Enrolled House Bill 3470 (HB 3470-A) Page 8

(b) The Department of Education, on behalf of the State of Oregon, may solicit and accept gifts, grants, donations and other moneys from public and private sources for the State School Fund. Moneys received as provided in this paragraph shall be deposited into the State School Fund.

(c) The State School Fund shall consist of moneys appropriated by the Legislative Assembly, moneys transferred from the Education Stability Fund **and the Oregon Marijuana Account** and moneys received as provided in paragraph (b) of this subsection.

(d) The State School Fund is continuously appropriated to the Department of Education for the purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348, 336.575, 336.580, 336.635, 343.243, 343.533, 343.941 and 343.961 and sections 1 to 3, chapter 735, Oregon Laws 2013.

(2) There shall be apportioned from the State School Fund to each school district a State School Fund grant, consisting of the positive amount equal to a general purpose grant and a facility grant and a transportation grant and a high cost disabilities grant minus local revenue, computed as provided in ORS 327.011 and 327.013.

(3) For the first school year after a public charter school ceases to operate because of dissolution or closure or because of termination or nonrenewal of a charter, there shall be apportioned from the State School Fund to each school district that had sponsored a public charter school that

ceased to operate an amount equal to the school district's general purpose grant per extended ADMw multiplied by five percent of the ADM of the public charter school for the previous school year.

(4) There shall be apportioned from the State School Fund to each education service district a State School Fund grant as calculated under ORS 327.019.

(5) All figures used in the determination of the distribution of the State School Fund shall be estimates for the same year as the distribution occurs, unless otherwise specified.

(6) Numbers of students in average daily membership used in the distribution formula shall be the numbers as of June of the year of distribution.

(7) A school district may not use the portion of the State School Fund grant that is attributable to the facility grant for capital construction costs.

(8) The total amount of the State School Fund that is distributed as facility grants may not exceed $9 million in any biennium. If the total amount to be distributed as facility grants exceeds this limitation, the Department of Education shall prorate the amount of funds available for facility grants among those school districts that qualified for a facility grant. If the total amount to be distributed as facility grants does not exceed this limitation, any remaining amounts shall be expended for expenses incurred by the Office of School Facilities as provided in ORS 326.125 (1).

(9) Each biennium, the Department of Education may expend from the State School Fund no more than $6 million for expenses incurred by the Office of School Facilities under ORS 326.125 (2) to (6).

(10) Each fiscal year, the Department of Education shall transfer to the Pediatric Nursing Facility Account established in ORS 327.022 the amount necessary to pay the costs of educational services provided to students admitted to pediatric nursing facilities as provided in ORS 343.941.

(11) Each fiscal year, the Department of Education shall transfer the amount of $35 million from the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

(12)(a) Each biennium, the Department of Education shall transfer $33 million from the State School Fund to the Network of Quality Teaching and Learning Fund established under ORS 342.953.

(b) For the purpose of making the transfer under this subsection:

(A) The total amount available for all distributions from the State School Fund shall be reduced by $5 million;

(B) The amount distributed to school districts from the State School Fund under this section and ORS 327.013 shall be reduced by $14 million; and

(C) The amount distributed to education service districts from the State School Fund under this section and ORS 327.019 shall be reduced by $14 million.

Enrolled House Bill 3470 (HB 3470-A) Page 9

(c) For each biennium, the amounts identified in paragraph (b)(B) and (C) of this subsection shall be adjusted by the same percentage by which the amount appropriated to the State School Fund for that biennium is increased or decreased compared with the preceding biennium, as determined by the Department of Education after consultation with the Legislative Fiscal Officer.

(13) Each biennium, the Department of Education shall transfer $12.5 million from the State School Fund to the Statewide English Language Learner Program Account established under ORS 327.344.

(14) Each fiscal year, the Department of Education may expend up to $550,000 from the State School Fund for the contract described in ORS 329.488. The amount distributed to education service districts from the State School Fund under this section and ORS 327.019 shall be reduced by the amount expended by the department under this subsection.

(15) Each biennium, the Department of Education may expend up to $350,000 from the State School Fund to provide administration of and support for the development of talented and gifted education under ORS 343.404.

(16) Each biennium, the Department of Education may expend up to $150,000 from the State School Fund for the administration of a program to increase the number of speech-language pathologists and speech-language pathology assistants under ORS 348.394 to 348.406.

(17) Each fiscal year, the Department of Education shall transfer the amount of $2.5 million from the State School Fund to the Small School District Supplement Fund established in section 3, chapter 735, Oregon Laws 2013.

SECTION 34. ORS 327.008, as amended by section 7, chapter 735, Oregon Laws 2013, section 7, chapter 81, Oregon Laws 2014, section 2, chapter 68, Oregon Laws 2015, section 38, chapter 245, Oregon Laws 2015, section 2, chapter 555, Oregon Laws 2015, section 11, chapter 604, Oregon Laws 2015, section 2, chapter 644, Oregon Laws 2015, and section 8, chapter 783, Oregon Laws 2015, is amended to read:

327.008. (1)(a) There is established a State School Fund in the General Fund.

(b) The Department of Education, on behalf of the State of Oregon, may solicit and accept gifts, grants, donations and other moneys from public and private sources for the State School Fund. Moneys received as provided in this paragraph shall be deposited into the State School Fund.

(c) The State School Fund shall consist of moneys appropriated by the Legislative Assembly, moneys transferred from the Education Stability Fund **and the Oregon Marijuana Account** and moneys received as provided in paragraph (b) of this subsection.

(d) The State School Fund is continuously appropriated to the Department of Education for the purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348, 336.575, 336.580, 336.635, 343.243, 343.533, 343.941 and 343.961.

(2) There shall be apportioned from the State School Fund to each school district a State School Fund grant, consisting of the positive amount equal to a general purpose grant and a facility grant and a transportation grant and a high cost disabilities grant minus local revenue, computed as provided in ORS 327.011 and 327.013.

(3) For the first school year after a public charter school ceases to operate because of dissolution or closure or because of termination or nonrenewal of a charter, there shall be apportioned from the State School Fund to each school district that had sponsored a public charter school that ceased to operate an amount equal to the school district's general purpose grant per extended

ADMw multiplied by five percent of the ADM of the public charter school for the previous school year.

(4) There shall be apportioned from the State School Fund to each education service district a State School Fund grant as calculated under ORS 327.019.

(5) All figures used in the determination of the distribution of the State School Fund shall be estimates for the same year as the distribution occurs, unless otherwise specified.

(6) Numbers of students in average daily membership used in the distribution formula shall be the numbers as of June of the year of distribution.

Enrolled House Bill 3470 (HB 3470-A) Page 10

(7) A school district may not use the portion of the State School Fund grant that is attributable to the facility grant for capital construction costs.

(8) The total amount of the State School Fund that is distributed as facility grants may not exceed $9 million in any biennium. If the total amount to be distributed as facility grants exceeds this limitation, the Department of Education shall prorate the amount of funds available for facility grants among those school districts that qualified for a facility grant. If the total amount to be distributed as facility grants does not exceed this limitation, any remaining amounts shall be expended for expenses incurred by the Office of School Facilities as provided in ORS 326.125 (1).

(9) Each biennium, the Department of Education may expend from the State School Fund no more than $6 million for expenses incurred by the Office of School Facilities under ORS 326.125 (2) to (6).

(10) Each fiscal year, the Department of Education shall transfer to the Pediatric Nursing Facility Account established in ORS 327.022 the amount necessary to pay the costs of educational services provided to students admitted to pediatric nursing facilities as provided in ORS 343.941.

(11) Each fiscal year, the Department of Education shall transfer the amount of $35 million from the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

(12)(a) Each biennium, the Department of Education shall transfer $33 million from the State School Fund to the Network of Quality Teaching and Learning Fund established under ORS 342.953.

(b) For the purpose of making the transfer under this subsection:

(A) The total amount available for all distributions from the State School Fund shall be reduced by $5 million;

(B) The amount distributed to school districts from the State School Fund under this section and ORS 327.013 shall be reduced by $14 million; and

5(C) The amount distributed to education service districts from the State School Fund under this section and ORS 327.019 shall be reduced by $14 million.

(c) For each biennium, the amounts identified in paragraph (b)(B) and (C) of this subsection shall be adjusted by the same percentage by which the amount appropriated to the State School Fund for that biennium is increased or decreased compared with the preceding biennium, as determined by the Department of Education after consultation with the Legislative Fiscal Officer.

(13) Each biennium, the Department of Education shall transfer $12.5 million from the State

School Fund to the Statewide English Language Learner Program Account established under ORS 327.344.

(14) Each fiscal year, the Department of Education may expend up to $550,000 from the State School Fund for the contract described in ORS 329.488. The amount distributed to education service districts from the State School Fund under this section and ORS 327.019 shall be reduced by the amount expended by the department under this subsection.

(15) Each biennium, the Department of Education may expend up to $350,000 from the State School Fund to provide administration of and support for the development of talented and gifted education under ORS 343.404.

(16) Each biennium, the Department of Education may expend up to $150,000 from the State School Fund for the administration of a program to increase the number of speech-language pathologists and speech-language pathology assistants under ORS 348.394 to 348.406.

SECTION 35. (1) Notwithstanding section 44 (3)(b)(A), chapter 1, Oregon Laws 2015, 10 percent of the moneys transferred to the Oregon Marijuana Account that were collected before July 1, 2017, must be transferred to the cities of this state in shares that reflect the population of each city of this state compared to the population of all cities of this state on July 1, 2017, as determined by Portland State University under ORS 190.510 to 190.610.

(2) Notwithstanding section 44 (3)(b)(B), chapter 1, Oregon Laws 2015, 10 percent of the moneys transferred to the Oregon Marijuana Account that were collected before July 1, 2017, must be transferred to the counties of this state in shares that reflect the population of each county of this state compared to the population of all counties of this state on July 1, 2017, as determined by Portland State University under ORS 190.510 to 190.610.

Enrolled House Bill 3470 (HB 3470-A) Page 11

SECTION 36. Section 35 of this 2017 Act is repealed on January 1, 2018.

SECTION 37. The amendments to section 44, chapter 1, Oregon Laws 2015, by section 32 of this 2017 Act apply to moneys transferred or used by the Department of Revenue on or after the effective date of this 2017 Act.

CAPTIONS

SECTION 38. The unit captions used in this 2017 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

Passed by House July 6, 2017

.....

Timothy G. Sekerak, Chief Clerk of House

.....

Tina Kotek, Speaker of House
Passed by Senate July 7, 2017

.....

Peter Courtney, President of Senate
Received by Governor:

....., ..., 2017

Approved:

....., ..., 2017

.....

Kate Brown, Governor
Filed in Office of Secretary of State:

....., ..., 2017

.....

Dennis Richardson, Secretary of State
Enrolled House

79th OREGON LEGISLATIVE ASSEMBLY--2017 Regular Session

Enrolled

Senate Bill 1057

Sponsored by COMMITTEE ON RULES (at the request of Senators Ginny Burdick, Ted Ferrioli)

CHAPTER .....

AN ACT

Relating to cannabis; creating new provisions; amending ORS 279A.025, 471.705, 475B.010, 475B.015, 475B.025, 475B.033, 475B.035, 475B.040, 475B.045, 475B.055, 475B.060, 475B.065, 475B.068, 475B.070, 475B.075, 475B.125, 475B.130, 475B.135, 475B.140, 475B.150, 475B.160, 475B.170, 475B.180, 475B.190, 475B.200, 475B.205, 475B.210, 475B.215, 475B.218, 475B.230, 475B.233, 475B.235, 475B.240, 475B.255, 475B.260, 475B.290, 475B.295, 475B.298, 475B.300, 475B.305, 475B.310, 475B.315, 475B.325, 475B.340, 475B.345, 475B.355, 475B.358, 475B.365, 475B.370, 475B.399, 475B.428, 475B.430, 475B.605, 475B.655 and 475B.800 and sections 22, 30 and 33, chapter 24, Oregon Laws 2016, and sections 2, 3, 4 and 5, chapter 83, Oregon Laws 2016; and declaring an emergency.

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

GENERAL PROVISIONS

SECTION 1. ORS 475B.010 is amended to read:

475B.010. ORS 475B.010 to 475B.395 shall be known and may be cited as the [*Control and Regulation of Marijuana Act.*] **Adult and Medical Use of Cannabis Act.**

SECTION 2. Sections 3 and 4 of this 2017 Act are added to and made a part of ORS 475B.010 to 475B.395.

SECTION 3. A license issued under ORS 475B.010 to 475B.395:

(1) Is issued for both adult use purposes and medical use purposes; and

(2) Serves the purpose of exempting the person that holds the license from the criminal laws of this state for possession, delivery or manufacture of marijuana items, provided that the person complies with all state laws and rules applicable to licensees.

SECTION 4. Except as otherwise provided by law, the Oregon Liquor Control Commission has any power, and may perform any function, necessary for the commission to prevent the diversion of marijuana from licensees to a source that is not operating legally under the laws of this state.

REGULATORY SPECIALISTS

SECTION 5. Section 6 of this 2017 Act is added to and made a part of ORS 475B.010 to 475B.395.

SECTION 6. (1) In addition to the duties, functions and powers described in ORS 471.775, and subject to subsection (2) of this section, a regulatory specialist, as defined in ORS

471.001, has the authority as provided in ORS 133.005 to 133.400, 133.450, 133.525 to 133.703, 133.721 to 133.739, 161.235, 161.245, 475B.010 to 475B.395, 475B.550 to 475B.590 and 475B.600 to 475B.655, and chapter 743, Oregon Laws 1971, to conduct inspections and investigations, make seizures, aid in prosecutions of and issue citations to licensees and persons who hold a certificate or permit under ORS 475B.010 to 475B.395 for violations of and offenses related to, and otherwise enforce, ORS 475B.010 to 475B.395, 475B.550 to 475B.590 and 475B.600 to 475B.655, any rule adopted under ORS 475B.010 to 475B.395, 475B.550 to 475B.590 and 475B.600 to 475B.655 and any other law of this state that charges the Oregon Liquor Control Commission with a duty, function or power related to a marijuana item, including enforcing any law or rule related to individuals who use false identification for purposes of purchasing or possessing a marijuana item or who engage in illegal activity on or near a premises.

(2) A regulatory specialist may not:

(a) Be sworn in as a federal law enforcement official and act in that capacity while performing an activity authorized by this section.

(b) Carry a firearm.

(c) Conduct inspections and investigations of a primary residence.

(d) For purposes of ensuring compliance with ORS 475B.400 to 475B.525, conduct inspections and investigations of registry identification cardholders or designated primary caregivers, the residences of registry identification cardholders or designated primary caregivers, or the locations where registry identification cardholders or designated primary caregivers produce marijuana.

FINANCIAL DISCLOSURE

SECTION 7. Section 8 of this 2017 Act is added to and made a part of ORS 475B.010 to 475B.395.

SECTION 8. (1) The Oregon Liquor Control Commission may require a licensee or applicant for a license under ORS 475B.010 to 475B.395 to submit, in a form and manner prescribed by the commission, to the commission a sworn statement showing:

(a) The name and address of each person that has a financial interest in the business operating or to be operated under the license; and

(b) The nature and extent of the financial interest of each person that has a financial interest in the business operating or to be operated under the license.

(2) The commission may refuse to issue, or may suspend, revoke or refuse to renew, a license issued under ORS 475B.010 to 475B.395 if the commission determines that a person that has a financial interest in the business operating or to be operated under the license committed or failed to commit an act that would constitute grounds for the commission to refuse to issue, or to suspend, revoke or refuse to renew, the license if the person were the licensee or applicant for the license.

SECTION 9. Section 10 of this 2017 Act is added to and made a part of ORS 475B.550 to 475B.590.

SECTION 10. (1) The Oregon Liquor Control Commission may require a licensee or applicant for a license under ORS 475B.560 to submit, in a form and manner prescribed by the commission, to the commission a sworn statement showing:

(a) The name and address of each person that has a financial interest in the business operating or to be operated under the license; and

(b) The nature and extent of the financial interest of each person that has a financial interest in the business operating or to be operated under the license.

(2) The commission may refuse to issue, or may suspend, revoke or refuse to renew, a license issued under ORS 475B.560 if the commission determines that a person that has a financial interest in the business operating or to be operated under the license committed or failed to commit an act that would constitute grounds for the commission to refuse to

Enrolled Senate Bill 1057 (SB 1057-A) Page 2

issue, or to suspend, revoke or refuse to renew, the license if the person were the licensee or applicant for the license.

LETTER OF REPRIMAND

SECTION 11. Sections 12 and 13 of this 2017 Act are added to and made a part of ORS 475B.010 to 475B.395.

SECTION 12. (1) Notwithstanding the lapse, suspension or revocation of a license issued under ORS 475B.010 to 475B.395, the Oregon Liquor Control Commission may:

(a) Proceed with any investigation of, or any action or disciplinary proceeding against, the person who held the license; or

(b) Revise or render void an order suspending or revoking the license.

(2) In cases involving the proposed denial of a license issued under ORS 475B.010 to 475B.395, the applicant for licensure may not withdraw the applicant's application.

SECTION 13. (1) Notwithstanding the lapse, suspension or revocation of a permit issued under ORS 475B.218, the Oregon Liquor Control Commission may:

(a) Proceed with any investigation of, or any action or disciplinary proceeding against, the person who held the permit; or

(b) Revise or render void an order suspending or revoking the permit.

(2) In cases involving the proposed denial of a license issued under ORS 475B.010 to 475B.395, the applicant for licensure may not withdraw the applicant's application.

SECTION 14. Section 15 of this 2017 Act is added to and made a part of ORS 475B.550 to 475B.590.

SECTION 15. (1) Notwithstanding the lapse, suspension or revocation of a license issued under ORS 475B.560, the Oregon Liquor Control Commission may:

(a) Proceed with any investigation of, or any action or disciplinary proceeding against, the person who held the license; or

(b) Revise or render void an order suspending or revoking the license.

(2) In cases involving the proposed denial of a license issued under ORS 475B.010 to

475B.395, the applicant for licensure may not withdraw the applicant's application.

TRADE SHOWS

SECTION 16. Section 17 of this 2017 Act is added to and made a part of ORS 475B.010 to 475B.395.

SECTION 17. (1) Notwithstanding ORS 475B.160 or any other provision prohibiting the transportation of marijuana items to or from a location for which a license has not been issued under ORS 475B.010 to 475B.395 or prohibiting the possession of marijuana items at a location for which a license has not been issued under ORS 475B.010 to 475B.395, a licensee may transport marijuana items to and exhibit marijuana items at a trade show, the Oregon State Fair or a similar event if:

(a) The marijuana items are tracked using the system developed and maintained under ORS 475B.150;

(b) All of the marijuana items are returned to a premises for which a license has been issued under ORS 475B.010 to 475B.395 immediately after the conclusion of the event; and

(c) The licensee complies with any other requirement imposed by the Oregon Liquor Control Commission by rule or order for the purpose of ensuring the security of the marijuana items, for the purpose of preventing minors from having access to the marijuana items or for any other purpose deemed relevant by the commission.

(2) The commission shall adopt rules to implement this section.

SECTION 18. (1) As used in this section, "licensee" and "marijuana item" have the meaning given those terms in ORS 475B.015.

Enrolled Senate Bill 1057 (SB 1057-A) Page 3

(2) Notwithstanding ORS 475B.160 or any other provision prohibiting the transportation of marijuana items to or from a location for which a license has not been issued under ORS 475B.010 to 475B.395 or prohibiting the possession of marijuana items at a location for which a license has not been issued under ORS 475B.010 to 475B.395, a licensee may transport marijuana items to and exhibit marijuana items at the 2017 Oregon State Fair if:

(a) The licensee is acting pursuant to an order issued by the Oregon Liquor Control Commission providing for the transportation and exhibition;

(b) All of the marijuana items are returned to a premises for which a license has been issued under ORS 475B.010 to 475B.395 immediately after the conclusion of the event; and

(c) The licensee complies with any other requirement imposed by the commission for the purpose of ensuring the security of the marijuana items, for the purpose of preventing minors from having access to the marijuana items or for any other purpose deemed relevant by the commission.

(3) The commission may issue only one order pursuant to this section.

(4) An order issued pursuant to this section may apply to more than one licensee.

PRODUCTION, PROCESSING AND SALE FOR MEDICAL PURPOSES

SECTION 19. Section 2, chapter 83, Oregon Laws 2016, is amended to read:

Sec. 2. [*(1) As used in this section, "designated primary caregiver," "marijuana processing site," "medical marijuana dispensary" and "registry identification cardholder" have the meanings given those terms in ORS 475B.410.*]

[*(2)*] **(1)** To produce marijuana for medical purposes, a marijuana producer that holds a license **issued** under ORS 475B.070 must register with the Oregon Liquor Control Commission under this section.

[*(3)*] **(2)** The commission shall register a marijuana producer for the purpose of producing marijuana for medical purposes if the marijuana producer:

(a) Holds a license **issued** under ORS 475B.070;

(b) Meets any qualifications adopted by the commission by rule;

(c) Applies to the commission in a form and manner prescribed by the commission; and

(d) Pays any fee adopted by the commission by rule.

[*(4)(a) A marijuana producer registered under this section may produce marijuana for a registry identification cardholder, and provide usable marijuana to the registry identification cardholder or to the designated primary caregiver of the registry identification cardholder, if the marijuana producer enters into an agreement with the registry identification cardholder for whom the marijuana producer is producing the marijuana. An agreement entered into under this subsection:*]

[*(A) Must be submitted to the commission in a manner prescribed by the commission;*]

[*(B) Except as provided in subparagraph (C) of this paragraph, may not allow the marijuana producer to be compensated for producing the marijuana or providing the usable marijuana;*]

[*(C) May require a registry identification cardholder, or a designated primary caregiver on behalf of a registry identification cardholder, to reimburse a marijuana producer for all costs associated with producing marijuana for the registry identification cardholder or providing usable marijuana to the registry identification cardholder or designated primary caregiver;*]

[*(D) May not allow the marijuana producer to produce for the registry identification cardholder an amount of mature marijuana plants that exceeds the amount that a registry identification cardholder and a designated primary caregiver may jointly possess under ORS 475B.428;*]

[*(E) May not allow the marijuana producer to provide to the registry identification cardholder an amount of usable marijuana that exceeds the amount that a registry identification cardholder and a designated primary caregiver may jointly possess under ORS 475B.430; and*]

[*(F) May allow the marijuana producer to keep a portion of the usable marijuana harvested from the marijuana produced for the registry identification cardholder for the purposes of:*]

Enrolled Senate Bill 1057 (SB 1057-A) Page 4

[*(i) Providing usable marijuana to additional registry identification cardholders or designated primary caregivers; and*]

[*(ii) Transferring or selling usable marijuana to marijuana processing sites or medical marijuana dispensaries.*]

[*(c) Marijuana produced for a registry identification cardholder, and usable marijuana transferred or sold to a marijuana processing site or medical marijuana dispensary, pursuant to an agreement*

entered into under this subsection must be tracked by the system developed and maintained under ORS 475B.150.]

[*(d)(A) Upon request by the commission, the Oregon Health Authority shall provide the commission, notwithstanding any laws relating to the confidentiality of information under ORS 475B.460 and 475B.462, with the registration information of:*]

[*(i) A registry identification cardholder who enters into an agreement under this subsection; or*]

[*(ii) A registry identification cardholder, designated primary caregiver, marijuana processing site or medical marijuana dispensary that receives usable marijuana pursuant to an agreement entered into under this subsection.*]

[*(B) Registration information received by the commission under this paragraph that is confidential and not subject to public disclosure under ORS 475B.460 and 475B.462 remains confidential and not subject to public disclosure after being provided to the commission.*]

[*(e) Marijuana produced pursuant to an agreement entered into under this subsection is not subject to rules restricting the size of mature marijuana plant grow canopies adopted by the commission under ORS 475B.075.*]

[*(5)(a) The commission shall adopt rules necessary to administer this section, including rules:*]

[*(A) For the equitable conversion of a number of mature marijuana plants to a size of mature marijuana plant grow canopy;*]

[*(B) Limiting the amount of marijuana that may be produced under section (4) of this section;*]

[*(C) Limiting the amount of usable marijuana that may be provided, transferred or sold under subsection (4)(a)(F) of this section;*]

[*(D) Limiting the number of registry identification cardholders for whom a marijuana producer registered under this section may produce marijuana; and*]

[*(E) Prohibiting a registry identification cardholder from entering into more than one agreement with a marijuana producer registered under this section.*]

(3) Subject to subsection (4) of this section, a marijuana producer registered under this section may produce marijuana plants on a medically designated grow canopy in addition to producing marijuana plants on the grow canopy allowed under rules adopted under ORS 475B.075. The commission shall specify the size of medically designated grow canopies by rule, provided that the size of any medically designated grow canopy does not exceed 10 percent of the total size of both the medically designated grow canopy and the grow canopy allowed under rules adopted under ORS 475B.075 at the time that the marijuana producer applies for registration under this section.

(4) A marijuana producer registered under this section must provide, for no consideration, at least 75 percent of the annual yield of usable marijuana harvested from the marijuana producer's medically designated grow canopy to registry identification cardholders and designated primary caregivers.

(5) A marijuana producer registered under this section may not, during a single transaction, provide a registry identification cardholder or the designated primary caregiver of a

registry identification cardholder an amount of usable marijuana that exceeds the amount of usable marijuana that a registry identification cardholder and a designated primary caregiver may jointly possess under ORS 475B.430.

(6)(a) The commission shall adopt rules necessary to administer this section.

(b) The rules must establish sanctions for failure to meet the requirements of this section or a rule adopted under this section, including revocation of permission for the marijuana producer's medically designated grow canopy.

Enrolled Senate Bill 1057 (SB 1057-A) Page 5

[*(b)*] **(c)** The rules must provide that any fee adopted by the commission under subsection [*(3)(d)*] **(2)(d)** of this section be in an amount reasonably calculated to not exceed, together with other fees collected under ORS 475B.010 to 475B.395, the cost of administering ORS 475B.010 to 475B.395.

SECTION 20. Section 3, chapter 83, Oregon Laws 2016, is amended to read:

Sec. 3. (1) To process marijuana for medical purposes, a marijuana processor that holds a license **issued** under ORS 475B.090 must register with the Oregon Liquor Control Commission under this section.

(2) The commission shall register a marijuana processor for the purpose of processing marijuana for medical purposes if the marijuana processor:

(a) Holds a license **issued** under ORS 475B.090;

(b) Meets any qualifications adopted by the commission by rule;

(c) Applies to the commission in a form and manner prescribed by the commission; and

(d) Pays any fee adopted by the commission by rule.

(3) A marijuana processor registered under this section may**:**

(a) Process marijuana and usable marijuana into medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts[.]**; and**

(b) Notwithstanding ORS 475B.160, receive marijuana and usable marijuana from, and for a fee process that marijuana and usable marijuana into cannabinoid products, cannabinoid concentrates and cannabinoid extracts for, a registry identification cardholder or the designated primary caregiver of a registry identification cardholder, provided that the cannabinoid products, cannabinoid concentrates and cannabinoid extracts meet the requirements of ORS 475B.550 to 475B.590 and 475B.625.

(4)**(a)** The commission shall adopt rules necessary to administer this section.

(b) The rules must provide that any fee adopted by the commission under subsection (2)(d) of this section be in an amount reasonably calculated to not exceed, together with other fees collected under ORS 475B.010 to 475B.395, the cost of administering ORS 475B.010 to 475B.395.

SECTION 21. Section 4, chapter 83, Oregon Laws 2016, is amended to read:

Sec. 4. (1) To sell marijuana **items** at wholesale for medical purposes, a marijuana wholesaler that holds a license **issued** under ORS 475B.100 must register with the Oregon Liquor Control Commission under this section.

(2) The commission shall register a marijuana wholesaler for the purpose of selling marijuana **items** at wholesale for medical purposes if the marijuana wholesaler:

(a) Holds a license under ORS 475B.100;

(b) Meets any qualifications adopted by the commission by rule;

(c) Applies to the commission in a form and manner prescribed by the commission; and

(d) Pays any fee adopted by the commission by rule.

(3) A marijuana wholesaler registered under this section may sell medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts at wholesale.

(4) The commission shall adopt rules necessary to administer this section. The rules must provide that any fee adopted by the commission under subsection (2)(d) of this section be in an amount reasonably calculated to not exceed, together with other fees collected under ORS 475B.010 to 475B.395, the cost of administering ORS 475B.010 to 475B.395.

SECTION 22. Section 5, chapter 83, Oregon Laws 2016, is amended to read:

Sec. 5. [*(1) As used in this section, "designated primary caregiver" and "registry identification cardholder" have the meanings given those terms in ORS 475B.410.*]

[*(2)*] **(1)** To sell marijuana **items** at retail for medical purposes, a marijuana retailer that holds a license **issued** under ORS 475B.110 must register with the Oregon Liquor Control Commission under this section.

[*(3)*] **(2)** The commission shall register a marijuana retailer for the purpose of selling marijuana **items** at retail for medical purposes if the marijuana retailer:

(a) Holds a license **issued** under ORS 475B.110;

Enrolled Senate Bill 1057 (SB 1057-A) Page 6

(b) Meets any qualifications adopted by the commission by rule;

(c) Applies to the commission in a form and manner prescribed by the commission; and

(d) Pays any fee adopted by the commission by rule.

[*(4)*] **(3)** A marijuana retailer registered under this section:

(a) May sell medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts to registry identification cardholders and designated primary caregivers;

(b) May not sell medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts to individuals other than registry identification cardholders and designated primary caregivers;

(c) May sell usable marijuana and medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts to registry identification cardholders and designated primary caregivers at a discounted price; and

(d) May provide**, for no consideration,** usable marijuana and medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts to **a** registry identification [*cardholders and designated primary caregivers free of charge*] **cardholder and the designated primary caregiver of the registry identification cardholder**.

[*(5)*] **(4)(a)** The commission shall adopt rules necessary to administer this section.

(b) The rules must provide that any fee adopted by the commission under subsection [*(3)(d)*]

(2)(d) of this section be in an amount reasonably calculated to not exceed, together with other fees collected under ORS 475B.010 to 475B.395, the cost of administering ORS 475B.010 to 475B.395.

SECTION 23. Sections 24 to 27 of this 2017 Act are added to and made a part of ORS 475B.010 to 475B.395.

SECTION 24. (1) The Oregon Liquor Control Commission shall designate any marijuana producer that holds a license issued under ORS 475B.070 and that is registered under section 2, chapter 83, Oregon Laws 2016, as an exclusively medical licensee if the marijuana producer attests, in a form and manner prescribed by the commission, to:

(a) Producing marijuana only for medical purposes; and

(b) Transferring usable marijuana only to marijuana processors registered under section 3, chapter 83, Oregon Laws 2016, marijuana wholesalers registered under section 4, chapter 83, Oregon Laws 2016, marijuana retailers registered under section 5, chapter 83, Oregon Laws 2016, registry identification cardholders and designated primary caregivers.

(2) If the commission makes a designation under this section, the commission shall keep a record of the designation.

SECTION 25. (1) The Oregon Liquor Control Commission shall designate any marijuana processor that holds a license issued under ORS 475B.090 and that is registered under section 3, chapter 83, Oregon Laws 2016, as an exclusively medical licensee if the marijuana processor attests, in a form and manner prescribed by the commission, to:

(a) Processing marijuana only for medical purposes;

(b) Receiving usable marijuana only from a marijuana producer registered under section 2, chapter 83, Oregon Laws 2016; and

(c) Transferring cannabinoid products, cannabinoid concentrates and cannabinoid extracts only to marijuana wholesalers registered under section 4, chapter 83, Oregon Laws 2016, marijuana retailers registered under section 5, chapter 83, Oregon Laws 2016, registry identification cardholders and designated primary caregivers.

(2) If the commission makes a designation under this section, the commission shall keep a record of the designation.

SECTION 26. (1) The Oregon Liquor Control Commission shall designate any marijuana wholesaler that holds a license issued under ORS 475B.100 and that is registered under section 4, chapter 83, Oregon Laws 2016, as an exclusively medical licensee if the marijuana wholesaler attests, in a form and manner prescribed by the commission, to:

(a) Selling marijuana items only for a medical purposes;

Enrolled Senate Bill 1057 (SB 1057-A) Page 7

(b) Receiving usable marijuana only from marijuana producers registered under section 2, chapter 83, Oregon Laws 2016, and marijuana processors registered under section 3, chapter 83, Oregon Laws 2016;

(c) Receiving cannabinoid products, cannabinoid concentrates and cannabinoid extracts

only from a marijuana processor registered under section 3, chapter 83, Oregon Laws 2016; and

(d) Transferring usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts only to marijuana retailers registered under section 5, chapter 83, Oregon Laws 2016.

(2) If the commission makes a designation under this section, the commission shall keep a record of the designation.

SECTION 27. (1) The Oregon Liquor Control Commission shall designate any marijuana retailer that holds a license issued under ORS 475B.110 and that is registered under section 5, chapter 83, Oregon Laws 2016, as an exclusively medical licensee if the marijuana retailer attests, in a form and manner prescribed by the commission, to:

(a) Selling marijuana items only for medical purposes;

(b) Receiving usable marijuana only from marijuana producers registered under section 2, chapter 83, Oregon Laws 2016, marijuana processors registered under section 3, chapter 83, Oregon Laws 2016, and marijuana wholesalers registered under section 4, chapter 83, Oregon Laws 2016;

(c) Receiving cannabinoid products, cannabinoid concentrates and cannabinoid extracts only from a marijuana processor registered under section 3, chapter 83, Oregon Laws 2016, and marijuana wholesalers registered under section 4, chapter 83, Oregon Laws 2016; and

(d) Transferring usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts only to registry identification cardholders and designated primary caregivers.

(2) If the commission makes a designation under this section, the commission shall keep a record of the designation.

SECTION 28. ORS 475B.800, as amended by section 31, chapter 24, Oregon Laws 2016, is amended to read:

475B.800. (1) The governing body of a city or county may adopt ordinances to be referred to the electors of the city or county as described in subsection (2) of this section that prohibit or allow the establishment of any one or more of the following in the area subject to the jurisdiction of the city or in the unincorporated area subject to the jurisdiction of the county:

(a) Marijuana processing sites registered under ORS 475B.435;

(b) Medical marijuana dispensaries registered under ORS 475B.450;

(c) Marijuana producers [*licensed*] **that hold a license issued** under ORS 475B.070;

(d) Marijuana processors [*licensed*] **that hold a license issued** under ORS 475B.090;

(e) Marijuana wholesalers [*licensed*] **that hold a license issued** under ORS 475B.100;

(f) Marijuana retailers [*licensed*] **that hold a license issued** under ORS 475B.110; [*or*]

(g) Marijuana producers that hold a license issued under ORS 475B.070 and that the Oregon Liquor Control Commission has designated as an exclusively medical licensee under section 24 of this 2017 Act;

(h) Marijuana processors that hold a license issued under ORS 475B.090 and that the commission has designated as an exclusively medical licensee under section 25 of this 2017 Act;

(i) Marijuana wholesalers that hold a license issued under ORS 475B.100 and that the commission has designated as an exclusively medical licensee under section 26 of this 2017 Act;

(j) Marijuana retailers that hold a license issued under ORS 475B.110 and that the commission has designated as an exclusively medical licensee under section 27 of this 2017 Act;

or

Enrolled Senate Bill 1057 (SB 1057-A) Page 8

[*(g)*] **(k)** Any combination of the entities described in this subsection.

(2) If the governing body of a city or county adopts an ordinance under this section, the governing body shall submit the measure of the ordinance to the electors of the city or county for approval at the next statewide general election.

(3) If the governing body of a city or county adopts an ordinance under this section, the governing body must provide the text of the ordinance:

(a) To the Oregon Health Authority, in a form and manner prescribed by the authority, if the ordinance concerns a medical marijuana dispensary registered under ORS 475B.450 or a marijuana processing site registered under ORS 475B.435; or

(b) To the [*Oregon Liquor Control*] commission, if the ordinance concerns a premises for which a license has been issued under ORS [*475B.070, 475B.090, 475B.100 or 475B.110*] **475B.010 to 475B.395.**

(4)(a) Upon receiving notice of a prohibition under subsection (3) of this section, the authority shall discontinue registering those entities to which the prohibition applies until the date of the next statewide general election.

(b) Upon receiving notice of a prohibition under subsection (3) of this section, the commission shall discontinue licensing those premises to which the prohibition applies until the date of the next statewide general election.

(5)(a) If an allowance is approved at the next statewide general election under subsection (2) of this section, and the allowance concerns an entity described in subsection (1)(a) or (b) of this section, the authority shall begin registering the entity to which the allowance applies on the first business day of the January immediately following the date of the statewide general election.

(b) If an allowance is approved at the next statewide general election under subsection (2) of this section, and the allowance concerns an entity described in subsection (1)(c) to [*(f)*] **(j)** of this section, the commission shall begin licensing the premises to which the allowance applies on the first business day of the January immediately following the date of the next statewide general election.

(6) If the electors of a city or county approve an ordinance prohibiting or allowing an establishment described in subsection (1)(a), (b) or (g) to (j) of this section, the governing

body of the city or county may amend the ordinance, without referring the amendment to the electors of the city or county, to prohibit or allow any other establishment described in subsection (1)(a), (b) or (g) to (j) of this section.

[*(6)*] **(7)** Notwithstanding any other provisions of law, a city or county that adopts an ordinance under this section that prohibits the establishment of an entity described in subsection (1) of this section may not impose a tax or fee on the production, processing or sale of marijuana or any product into which marijuana has been incorporated.

[*(7)*] **(8)** Notwithstanding subsection (1) of this section, a medical marijuana dispensary is not subject to an ordinance adopted under this section if the medical marijuana dispensary:

(a) Is registered under ORS 475B.450 on or before the date on which the governing body adopts the ordinance; and

(b) Has successfully completed a city or county land use application process.

[*(8)*] **(9)** Notwithstanding subsection (1) of this section, a marijuana processing site is not subject to an ordinance adopted under this section if the marijuana processing site:

(a) Is registered under ORS 475B.435 on or before the date on which the governing body adopts the ordinance; and

(b) Has successfully completed a city or county land use application process.

SECTION 29. Section 30, chapter 24, Oregon Laws 2016, is amended to read:

Sec. 30. (1) The governing body of a city or county may repeal an ordinance that prohibits the establishment of any one or more of the following in the area subject to the jurisdiction of the city or in the unincorporated area subject to the jurisdiction of the county:

(a) Marijuana processing sites registered under ORS 475B.435;

(b) Medical marijuana dispensaries registered under ORS 475B.450;

Enrolled Senate Bill 1057 (SB 1057-A) Page 9

(c) Marijuana producers [*licensed*] **that hold a license issued** under ORS 475B.070;

(d) Marijuana processors [*licensed*] **that hold a license issued** under ORS 475B.090;

(e) Marijuana wholesalers [*licensed*] **that hold a license issued** under ORS 475B.100;

(f) Marijuana retailers [*licensed*] **that hold a license issued** under ORS 475B.110; [*or*]

(g) Marijuana producers that hold a license issued under ORS 475B.070 and that the Oregon Liquor Control Commission has designated as an exclusively medical licensee under section 24 of this 2017 Act;

(h) Marijuana processors that hold a license issued under ORS 475B.090 and that the commission has designated as an exclusively medical licensee under section 25 of this 2017 Act;

(i) Marijuana wholesalers that hold a license issued under ORS 475B.100 and that the commission has designated as an exclusively medical licensee under section 26 of this 2017 Act;

(j) Marijuana retailers that hold a license issued under ORS 475B.110 and that the commission has designated as an exclusively medical licensee under section 27 of this 2017 Act;

or

[*(g)*] **(k)** Any combination of the entities described in this subsection.

(2) If the governing body of a city or county repeals an ordinance under this section, the governing body must provide the text of the ordinance:

(a) To the Oregon Health Authority, in a form and manner prescribed by the authority, if the ordinance concerns a medical marijuana dispensary registered under ORS 475B.450 or a marijuana processing site registered under ORS 475B.435; or

(b) To the [*Oregon Liquor Control*] commission, in a form and manner prescribed by the commission, if the ordinance concerns a premises for which a license has been issued under ORS [*475B.070, 475B.090, 475B.100 or 475B.110*] **475B.010 to 475B.395.**

DATABASE

SECTION 30. Section 31 of this 2017 Act is added to and made a part of ORS 475B.400 to 475B.525.

SECTION 31. (1) Except as provided in subsection (5) of this section, the Oregon Health Authority shall establish, maintain and operate an electronic system for the keeping of information received by the authority under ORS 475B.415 and 475B.420 or information included on a registry identification card issued under ORS 475B.415 or on a marijuana grow site registration card issued under ORS 475B.420.

(2) The authority may contract with a state agency or private entity to ensure the effective establishment, maintenance or operation of the electronic system.

(3) Except as provided in subsection (4) of this section, information kept in the electronic system is confidential and not subject to public disclosure under ORS 192.410 to 192.505. Except as provided in subsection (4) of this section, the authority may not disclose the information for any reason.

(4) Except as provided in subsection (5) of this section, the authority shall establish the electronic system in a manner that allows the Oregon Liquor Control Commission and the Department of Revenue to remotely access the electronic system. Information disclosed to the commission and the department under this subsection remains confidential and not subject to public disclosure under ORS 192.410 to 192.505. The commission and the department may not disclose the information for any reason.

(5) The authority is not required to keep in the database, and the commission and the department may not access, the following types of information:

(a) Information related to the debilitating condition of a registry identification cardholder; or

Enrolled Senate Bill 1057 (SB 1057-A) Page 10

(b) The contact information or address of a registry identification cardholder or a designated primary caregiver, unless the contact information or address are the same as the contact information or address of a marijuana grow site.

(6) The electronic system must be immediately accessible by the commission and the

department at all times.

LABELING

SECTION 32. (1) On the operative date specified in section 99 of this 2017 Act, the duty of the Oregon Health Authority to adopt rules under ORS 475B.605 (1), and the power of the authority to impose civil penalties under ORS 475B.655, are imposed upon, transferred to and vested in the Oregon Liquor Control Commission.

(2) Notwithstanding the transfer under subsection (1) of this section of the duty to adopt rules, the rules of the authority that are in effect on the operative date specified in section 99 of this 2017 Act continue in effect until superseded or repealed by rules of the commission. References in the rules of the authority to the authority or an officer or employee of the authority are considered to be references to the commission or an officer or employee of the commission.

(3) Notwithstanding the transfer under subsection (1) of this section of the power to impose civil penalties, the proceedings of the authority that are pending on the operative date specified in section 99 of this 2017 Act are not affected by the transfer, except that the commission is substituted for the authority in the proceedings and moneys collected by the commission under the proceedings must be deposited in the Marijuana Control and Regulation Fund established under ORS 475B.240.

SECTION 33. ORS 475B.605 is amended to read:

475B.605. (1) As is necessary to protect the public health and safety, and in consultation with the [*Oregon Liquor Control Commission*] **Oregon Health Authority** and the State Department of Agriculture, the [*Oregon Health Authority*] **Oregon Liquor Control Commission** shall adopt rules establishing standards for the labeling of marijuana items, including but not limited to:

(a) Ensuring that usable marijuana, cannabinoid concentrates and extracts, cannabinoid edibles and other cannabinoid products have labeling that communicates:

(A) Health and safety warnings;

(B) **If applicable,** activation time;

[*(C) Results of tests conducted pursuant to ORS 475B.550 to 475B.590;*]

[*(D)*] **(C)** Potency;

[*(E)*] **(D)** For cannabinoid products and cannabinoid concentrates and extracts, serving size and the number of servings included in a cannabinoid product or cannabinoid concentrate or extract package; and

[*(F)*] **(E)** Content of the marijuana item; and

(b) Labeling that is in accordance with applicable state food labeling requirements for the same type of food product or potable liquid when the food product or potable liquid does not contain marijuana or cannabinoids.

(2) In adopting rules under ORS 475B.400 to 475B.525, the authority shall require all usable marijuana, cannabinoid products and cannabinoid concentrates and extracts transferred by a medical marijuana dispensary registered under ORS 475B.450 to be labeled in accordance with subsection

(1) of this section and rules adopted under subsection (1) of this section.

(3) In adopting rules under ORS 475B.010 to 475B.395, the commission shall require all usable marijuana, cannabinoid products and cannabinoid concentrates and extracts sold or transferred by a marijuana retailer that holds a license **issued** under ORS 475B.110 to be labeled in accordance with subsection (1) of this section and rules adopted under subsection (1) of this section.

(4) In adopting rules under subsection (1) of this section, the [*authority:*] **commission:**

Enrolled Senate Bill 1057 (SB 1057-A) Page 11

(a) May establish different labeling standards for different varieties of usable marijuana and for different types of cannabinoid products and cannabinoid concentrates and extracts;

(b) May establish different minimum labeling standards for persons registered under ORS 475B.400 to 475B.525 and persons licensed under ORS 475B.010 to 475B.395;

(c) Shall consider the cost of a potential requirement and how that cost will affect the cost to the ultimate consumer of the marijuana item; and

(d) May not adopt rules that are more restrictive than is reasonably necessary to protect the public health and safety.

SECTION 34. ORS 475B.655 is amended to read:

475B.655. (1) In addition to any other liability or penalty provided by law, the [*Oregon Health Authority*] **Oregon Liquor Control Commission** may impose for each violation of a provision of ORS 475B.600 to 475B.655, or a rule adopted under a provision of ORS 475B.600 to 475B.655, a civil penalty that does not exceed $500 for each day that the violation occurs.

(2) The [*authority*] **commission** shall impose civil penalties under this section in the manner provided by ORS 183.745.

(3) Moneys collected under this section shall be deposited in the [*Oregon Health Authority Fund established under ORS 413.101*] **Marijuana Control and Regulation Fund established under ORS 475B.240** and are continuously appropriated to the [*authority*] **commission** for the purpose of carrying out the duties, functions and powers of the authority under ORS 475B.600 to 475B.655.

PLANT LIMITS

SECTION 35. Section 36 of this 2017 Act is added to and made a part of ORS 475B.400 to 475B.525.

SECTION 36. The number of mature marijuana plants that a registry identification cardholder and the designated primary caregiver of the registry identification cardholder may jointly possess under ORS 475B.428, and the amount of usable marijuana that a registry identification cardholder and the designated primary caregiver of the registry identification cardholder may jointly possess under ORS 475B.430, is in addition to, and not in lieu of, the number of marijuana plants and the amount of usable marijuana that may be possessed at a household as described in ORS 475B.245.

SECTION 37. ORS 475B.428, as amended by section 23, chapter 24, Oregon Laws 2016, is amended to read:

475B.428. [*(1)*] **(1)(a)** [*Subject to subsection (2) of this section,*] A registry identification cardholder

and the designated primary caregiver of the registry identification cardholder may jointly possess:

(A) Six or fewer mature marijuana plants[.]; **and**

(B) Twelve or fewer immature marijuana plants.

(b) Unless an address is the marijuana grow site of a person designated to produce marijuana by a registry identification cardholder, the address where a registry identification cardholder or the primary caregiver of a registry identification cardholder produces marijuana may be used to produce not more than:

(A) Six or fewer mature marijuana plants; and

(B) Twelve or fewer immature marijuana plants.

(2)(a) A person may be designated to produce marijuana under ORS 475B.420 by no more than four registry identification cardholders.

(b) A person who is designated to produce marijuana by a registry identification cardholder may produce no more than six mature marijuana plants **and no more than 12 immature marijuana plants** for a registry identification cardholder who designates the person to produce marijuana.

(3) If the address of a person responsible for a marijuana grow site under ORS 475B.420 is located within city limits in an area zoned for residential use:

(a) Except as provided in paragraph (b) of this subsection, no more than 12 mature marijuana plants **and no more than 24 immature marijuana plants** may be produced at the address; or

Enrolled Senate Bill 1057 (SB 1057-A) Page 12

(b) Subject to subsection (5) of this section, if each person responsible for a marijuana grow site located at the address first registered with the Oregon Health Authority under ORS 475B.420 before January 1, 2015[.]**:**

(A) No more than the amount of mature marijuana plants located at that address on December 31, 2014, in excess of 12 mature marijuana plants, not to exceed 24 mature marijuana plants, may be produced at the address[.]**; and**

(B) No more than 48 immature marijuana plants may be produced at the address.

(4) If the address of a person responsible for a marijuana grow site under ORS 475B.420 is located in an area other than an area described in subsection (3) of this section:

(a) Except as provided in paragraph (b) of this subsection, no more than 48 mature marijuana plants **and no more than 96 immature marijuana plants** may be produced at the address; or

(b) Subject to subsections (5) and (6) of this section, if each person responsible for a marijuana grow site located at the address first registered with the authority under ORS 475B.420 before January 1, 2015[.]**:**

(A) No more than the amount of mature marijuana plants located at that address on December 31, 2014, in excess of 48 mature marijuana plants, not to exceed 96 mature marijuana plants, may be produced at the address[.]**; and**

(B) No more than 192 immature marijuana plants may be produced at the address.

(5) If the authority suspends or revokes the registration of a person responsible for a marijuana grow site that is located at an address described in subsection (3)(b) or (4)(b) of this section:

(a) No more than 12 mature marijuana plants **and no more than 24 immature marijuana plants** may be subsequently produced at any address described in subsection (3) of this section at which the person responsible for that marijuana grow site produces marijuana.

(b) No more than 48 mature marijuana plants **and no more than 96 immature marijuana plants** may be subsequently produced at any address described in subsection (4) of this section at which the person responsible for that marijuana grow site produces marijuana.

(6) If a registry identification cardholder who designated a person to produce marijuana for the registry identification cardholder pursuant to ORS 475B.420 terminates the designation, the person responsible for the marijuana grow site whose designation has been terminated may not be designated to produce marijuana by another registry identification cardholder, except that the person may be designated by another registry identification cardholder if no more than 48 mature marijuana plants **and no more than 96 immature marijuana plants** are produced at the address for the marijuana grow site at which the person produces marijuana.

(7) Subject to the limits described in subsections (2) to (6) of this section, if multiple persons responsible for a marijuana grow site under ORS 475B.420 are located at the same address, the persons designated to produce marijuana by registry identification cardholders who are located at that address may collectively produce [*mature*] marijuana plants for any number of registry identification cardholders who designate the persons to produce marijuana.

(8) If a law enforcement officer determines that [*a registry identification cardholder, the designated primary caregiver of a registry identification cardholder, or a person responsible for a marijuana grow site under ORS 475B.420 who grows marijuana for a registry identification cardholder, possesses*] **there is** a number of [*mature*] marijuana plants **at an address** in excess of the quantities specified in this section, **or that an address is being used to produce a number of marijuana plants in excess of the quantities specified in subsection (1)(b) of this section,** the law enforcement officer may confiscate only the excess number of [*mature*] marijuana plants.

SECTION 38. Section 33, chapter 24, Oregon Laws 2016, is amended to read:

Sec. 33. (1) As used in this section, "designated primary caregiver," "immature marijuana plant," "marijuana," "medical cannabinoid product" and "registry identification cardholder" have the meanings given those terms in ORS 475B.410.

(2) A city or county may not adopt an ordinance, by referral or otherwise, that prohibits or otherwise limits:

(a) The privileges described in ORS 475B.245; or

Enrolled Senate Bill 1057 (SB 1057-A) Page 13

(b) The right of a registry identification cardholder and the designated primary caregiver of a registry identification cardholder to:

(A) Possess the seeds of marijuana, immature marijuana plants or medical cannabinoid products as described in ORS 475B.400 to 475B.525;

(B) Jointly possess up to six mature marijuana plants **and up to 12 immature marijuana plants** under ORS 475B.428 (1); or

(C) Jointly possess up to 24 ounces of usable marijuana under ORS 475B.430 (1).

TRACKING

SECTION 39. Sections 40 and 41 of this 2017 Act are added to and made a part of ORS 475B.400 to 475B.525.

SECTION 40. (1) The Oregon Health Authority shall enter into an agreement with the Oregon Liquor Control Commission under which the commission shall use the system developed and maintained under ORS 475B.150 to track:

(a) The propagation of immature marijuana plants and the production of marijuana by marijuana grow sites;

(b) The processing of marijuana into medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts that are transferred to a medical marijuana dispensary;

(c) The transfer of usable marijuana, immature marijuana plants, medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts by a marijuana grow site or a medical marijuana dispensary to a registry identification cardholder or the designated primary caregiver of a registry identification cardholder; and

(d) The transfer of usable marijuana, immature marijuana plants, medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts between marijuana grow sites, marijuana processing sites and medical marijuana dispensaries.

(2) Marijuana grow sites, marijuana processing sites, medical marijuana dispensaries and any other person that processes marijuana into medical cannabinoid products and cannabinoid concentrates for the purpose of transferring the medical cannabinoid products and cannabinoid concentrates to a medical marijuana dispensary are subject to tracking under this section.

(3) On and after the date on which a marijuana grow site becomes subject to tracking under this section, the person is exempt from the requirements of ORS 475B.423 and the provisions of ORS 475B.420 that relate to ORS 475B.423.

(4) On and after the date on which a marijuana processing site becomes subject to tracking under this section, the marijuana processing site is exempt from the requirements of ORS 475B.438 and the provisions of ORS 475B.435 that relate to ORS 475B.438.

(5) On and after the date on which a medical marijuana dispensary becomes subject to tracking under this section, the medical marijuana dispensary is exempt from the requirements of ORS 475B.453 and the provisions of ORS 475B.450 that relate to ORS 475B.453.

(6) The commission may conduct inspections and investigations of alleged violations of ORS 475B.400 to 475B.525 about which the commission obtains knowledge as a result of performing the commission's duties under this section. Notwithstanding section 6 of this 2017 Act, the commission may use regulatory specialists, as defined in ORS 471.001, to conduct the inspections and investigations, including inspections and investigations of marijuana grow sites located at a primary residence.

(7) Notwithstanding section 44, chapter 1, Oregon Laws 2015, before making any other

distribution from the Oregon Marijuana Account established under section 44, chapter 1, Oregon Laws 2015, the Department of Revenue shall first distribute moneys quarterly from the account to the commission for deposit in the Marijuana Control and Regulation Fund established under ORS 475B.240 for purposes of paying administrative, inspection and investigatory costs incurred by the commission under this section, provided that the amount

Enrolled Senate Bill 1057 (SB 1057-A) Page 14

of distributed moneys does not exceed $1.25 million per quarter. For purposes of estimating the amount of moneys necessary to pay costs incurred under this section, the commission shall establish a formulary based on expected costs for each marijuana grow site, marijuana processing site or medical marijuana dispensary that is tracked under this section. The commission shall provide to the Department of Revenue and the Legislative Fiscal Officer before each quarter the estimated amount of moneys necessary to pay costs expected to be incurred under this section and the formulary.

(8) When imposing a fee on a person responsible for a marijuana grow site, marijuana processing site or medical marijuana dispensary under ORS 475B.420, 475B.435 or 475B.450, the authority shall impose an additional fee that is reasonably calculated to pay costs incurred under this section other than costs paid pursuant to subsection (7) of this section.

As part of the agreement entered into under subsection (1) of this section, the authority shall transfer fee moneys collected pursuant to this subsection to the commission for deposit in the Marijuana Control and Regulation Fund established under ORS 475B.240. Moneys collected pursuant to this subsection and deposited in the Marijuana Control and Regulation Fund are continuously appropriated to the commission for purposes of this section.

(9) The authority and the commission may adopt rules as necessary to administer this section.

(10) This section does not apply to a marijuana grow site located at an address where a registry identification cardholder produces marijuana and no more than 12 mature marijuana plants and 24 immature marijuana plants are produced at the address.

SECTION 41. (1) For purposes of subjecting marijuana grow sites, marijuana processing sites and medical marijuana dispensaries to tracking under section 40 of this 2017 Act:

(a) On or before September 1, 2017, the Oregon Health Authority shall notify marijuana grow sites, marijuana processing sites and medical marijuana dispensaries of the requirements of this section and section 40 of this 2017 Act;

(b) On or before December 1, 2017, each marijuana grow site, marijuana processing site and medical marijuana dispensary located in this state shall notify the authority in a form and manner prescribed by the authority as to whether the marijuana grow site, marijuana processing site or medical marijuana dispensary is electing to remain registered under ORS 475B.400 to 475B.525 and be subject to tracking or is electing to apply for licensure under ORS 475B.010 to 475B.395;

(c) If the marijuana grow site, marijuana processing site or medical marijuana dispensary

elects to apply for licensure under ORS 475B.010 to 475B.395, the marijuana grow site, marijuana processing site or medical marijuana dispensary must have filed an application with the Oregon Liquor Control Commission under ORS 475B.040 on or before January 1, 2018; and

(d) If the marijuana grow site, marijuana processing site or medical marijuana dispensary elects to remain registered under ORS 475B.400 to 475B.525 and be subject to tracking, the marijuana grow site, marijuana processing site or medical marijuana dispensary is subject to tracking beginning on or before July 1, 2018.

(2) If a marijuana grow site, marijuana processing site or medical marijuana dispensary does not make an election as required by subsection (1) of this section on or before January 1, 2018, the authority may not renew the registration of the marijuana grow site, marijuana processing site or medical marijuana dispensary.

(3) If a marijuana grow site, marijuana processing site or medical marijuana dispensary is not in compliance with subsection (1)(d) of this section on or before July 1, 2018, the authority may not renew the registration of the marijuana grow site, marijuana processing site or medical marijuana dispensary unless the marijuana grow site, marijuana processing site or medical marijuana dispensary has an application on file with the commission under ORS 475B.040 and the commission has not proposed to deny the application.

Enrolled Senate Bill 1057 (SB 1057-A) Page 15

(4) The authority and the commission shall share information as necessary to implement this section.

SECTION 42. $1.8 million shall be transferred from the Oregon Marijuana Account under section 44, chapter 1, Oregon Laws 2015, to the Marijuana Control and Regulation Fund established under ORS 475B.240 for the purposes described in sections 40 and 41 of this 2017 Act.

SECTION 43. ORS 475B.240 is amended to read:

475B.240. The Marijuana Control and Regulation Fund is established in the State Treasury, separate and distinct from the General Fund. Interest earned by the Marijuana Control and Regulation Fund shall be credited to the fund. Moneys in the fund are continuously appropriated to the Oregon Liquor Control Commission to administer and enforce ORS 475B.010 to 475B.395[.], **475B.550 to 475B.590 and 475B.600 to 475B.655 and section 40 of this 2017 Act.**

TESTING BY STATE DEPARTMENT OF AGRICULTURE

SECTION 44. Section 45 of this 2017 Act is added to and made a part of ORS 475B.010 to 475B.395.

SECTION 45. The State Department of Agriculture may possess, test and dispose of marijuana items.

TECHNICAL AMENDMENTS

SECTION 46. ORS 475B.015, as amended by section 63, chapter 24, Oregon Laws 2016, and section 11, chapter 83, Oregon Laws 2016, is amended to read:

475B.015. As used in ORS 475B.010 to 475B.395:

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

(2) "Cannabinoid concentrate" means a substance obtained by separating cannabinoids from marijuana by:

(a) A mechanical extraction process;

(b) A chemical extraction process using a nonhydrocarbon-based [*or other*] solvent, such as water, vegetable glycerin, vegetable oils, animal fats, isopropyl alcohol or ethanol;

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

(d) Any other process identified by the Oregon Liquor Control Commission, in consultation with the Oregon Health Authority, by rule.

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

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

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

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

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

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

(b) "Cannabinoid product" does not include:

(A) Usable marijuana by itself;

(B) A cannabinoid concentrate by itself;

(C) A cannabinoid extract by itself; or

Enrolled Senate Bill 1057 (SB 1057-A) Page 16

(D) Industrial hemp, as defined in ORS 571.300.

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

(7) "Designated primary caregiver" has the meaning given that term in ORS 475B.410.

[*(7)(a)*] **(8)(a)** "Financial consideration" means value that is given or received either directly or indirectly through sales, barter, trade, fees, charges, dues, contributions or donations.

(b) "Financial consideration" does not include marijuana, cannabinoid products or cannabinoid concentrates that are delivered within the scope of and in compliance with ORS 475B.245.

[*(8)*] **(9)** "Homegrown" means grown by a person 21 years of age or older for noncommercial purposes.

[*(9)*] **(10)** "Household" means a housing unit and any place in or around a housing unit at which the occupants of the housing unit are producing, processing, possessing or storing homegrown marijuana, cannabinoid products, cannabinoid concentrates or cannabinoid extracts.

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

[*(11)*] **(12)** "Immature marijuana plant" means a marijuana plant that is not flowering.

[*(12)*] **(13)** "Licensee" means a person [*who*] **that** holds a license issued under ORS 475B.070, 475B.090, 475B.100 or 475B.110.

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

[*(14)(a)*] **(15)(a)** "Marijuana" means the plant Cannabis family Cannabaceae, any part of the plant Cannabis family Cannabaceae and [*the seeds of the plant Cannabis family Cannabaceae*] **marijuana seeds**.

(b) "Marijuana" does not include industrial hemp, as defined in ORS 571.300.

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

[*(16)*] **(17)** "Marijuana items" means marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts.

[*(17)*] **(18)** "Marijuana leaves" means the leaves of the plant genus Cannabis within the plant family Cannabaceae.

[*(18)*] **(19)** "Marijuana processor" means a person [*who*] **that** processes marijuana items in this state.

[*(19)*] **(20)** "Marijuana producer" means a person [*who*] **that** produces marijuana in this state.

[*(20)*] **(21)** "Marijuana retailer" means a person [*who*] **that** sells marijuana items to a consumer in this state.

(22)(a) "Marijuana seeds" means the seeds of the plant Cannabis family Cannabaceae.

(b) "Marijuana seeds" does not include the seeds of industrial hemp, as defined in ORS 571.300.

[*(21)*] **(23)** "Marijuana wholesaler" means a person [*who*] **that** purchases marijuana items in this state for resale to a person other than a consumer.

[*(22)*] **(24)** "Mature marijuana plant" means a marijuana plant that is not an immature marijuana plant.

[*(23)*] **(25)** "Medical grade cannabinoid product, cannabinoid concentrate or cannabinoid extract" means a cannabinoid product, cannabinoid concentrate or cannabinoid extract that has a concentration of tetrahydrocannabinol that is permitted under ORS 475B.625 in a single serving of the cannabinoid product, cannabinoid concentrate or cannabinoid extract for consumers who hold a valid registry identification card issued under ORS 475B.415.

[*(24)*] **(26)** "Medical purpose" means a purpose related to using usable marijuana, cannabinoid products, cannabinoid concentrates or cannabinoid extracts to mitigate the symptoms or effects of a debilitating medical condition, as defined in ORS 475B.410.

Enrolled Senate Bill 1057 (SB 1057-A) Page 17

[*(25)*] **(27)** "Noncommercial" means not dependent or conditioned upon the provision or receipt of financial consideration.

[*(26)(a)*] **(28)(a)** "Premises" [*or "licensed premises"*] includes the following areas of a location licensed under ORS [*475B.070, 475B.090, 475B.100 or 475B.110*] **475B.010 to 475B.395**:

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

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

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

(b) "Premises" [*or "licensed premises"*] does not include a primary residence.

[*(27)(a)*] **(29)(a)** "Processes" means the processing, compounding or conversion of marijuana into cannabinoid products, cannabinoid concentrates or cannabinoid extracts.

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

[*(28)(a)*] **(30)(a)** "Produces" means the manufacture, planting, cultivation, growing or harvesting of marijuana.

(b) "Produces" does not include:

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

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

[*(29)*] **(31)** "Propagate" means to grow immature marijuana plants or to breed or produce [*the seeds of the plant Cannabis family Cannabaceae*] **marijuana seeds**.

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

(33) "Registry identification cardholder" has the meaning given that term in ORS 475B.410.

[*(31)(a)*] **(34)(a)** "Usable marijuana" means the dried leaves and flowers of marijuana.

(b) "Usable marijuana" does not include:

(A) Marijuana seeds;

[*(A)*] **(B)** The [*seeds,*] stalks and roots of marijuana; or

[*(B)*] **(C)** Waste material that is a by-product of producing or processing marijuana.

SECTION 47. ORS 475B.025 is amended to read:

475B.025. (1) The Oregon Liquor Control Commission has the [*powers and*] duties**, functions and powers** specified in ORS 475B.010 to 475B.395 and the powers necessary or proper to enable the commission to carry out the commission's duties, functions and powers under ORS 475B.010 to 475B.395. The jurisdiction, supervision, duties, functions and powers of the commission extend to any person [*who buys, sells,*] **that** produces, processes, transports [*or delivers any marijuana items within*]**, delivers, sells or purchases a marijuana item in** this state. The commission may sue and be sued.

(2) The duties, functions and powers of the commission **specified** in ORS 475B.010 to 475B.395 include the following:

(a) To regulate the [*purchase, sale,*] production, processing, transportation [*and*]**,** delivery**, sale and purchase** of marijuana items in accordance with the provisions of ORS 475B.010 to 475B.395.

(b) To [*grant, refuse, suspend or cancel*] **issue, renew, suspend, revoke or refuse to issue or renew** licenses for the [*sale, processing or*] production**, processing or sale** of marijuana items, or other licenses [*in regard to*] **related to the consumption of** marijuana items, and to permit, in the commission's discretion, the transfer of a license between persons.

Enrolled Senate Bill 1057 (SB 1057-A) Page 18

[*(c) To investigate and aid in the prosecution of every violation of the statutory laws of this state relating to marijuana items and to cooperate in the prosecution of offenders before any state court of competent jurisdiction.*]

[*(d)*] **(c)** To adopt, amend or repeal rules as necessary to carry out the intent and provisions of ORS 475B.010 to 475B.395, including rules that the commission considers necessary to protect the public health and safety.

[*(e)*] **(d)** To exercise all powers incidental, convenient or necessary to enable the commission to administer or carry out the provisions of ORS 475B.010 to 475B.395 or any other law of this state that charges the commission with a duty, function or power related to marijuana. Powers described in this paragraph include, but are not limited to:

(A) Issuing subpoenas;

(B) Compelling the attendance of witnesses;

(C) Administering oaths;

(D) Certifying official acts;

(E) Taking depositions as provided by law;

(F) Compelling the production of books, payrolls, accounts, papers, records, documents and testimony; and

(G) Establishing fees in addition to the application, licensing and renewal fees described in ORS 475B.070, 475B.090, 475B.100 and 475B.110, provided that any fee established by the commission is reasonably calculated not to exceed the cost of the activity for which the fee is charged.

[*(f)*] **(e)** To adopt rules regulating and prohibiting [*marijuana producers, marijuana processors,*

marijuana wholesalers and marijuana retailers from] advertising marijuana items in a manner:

(A) That is appealing to minors;

(B) That promotes excessive use;

(C) That promotes illegal activity; or

(D) That otherwise presents a significant risk to public health and safety.

[*(g)*] **(f)** To regulate the use of marijuana items for [*scientific, pharmaceutical, manufacturing, mechanical, industrial and*] other purposes **as deemed necessary or appropriate by the commission**.

(3) Fees collected pursuant to subsection [*(2)(e)(G)*] **(2)(d)(G)** of this section shall be deposited in the Marijuana Control and Regulation Fund established under ORS 475B.240.

SECTION 48. ORS 475B.033 is amended to read:

475B.033. The Oregon Liquor Control Commission may, by **rule or** order, provide for the manner and conditions under which:

(1) Marijuana items left by a deceased, insolvent or bankrupt person or licensee, or subject to a security interest, may be foreclosed, sold under execution or otherwise disposed.

(2) The business of a deceased, insolvent or bankrupt licensee may be operated for a reasonable period following the death, insolvency or bankruptcy.

(3) A secured party, as defined in ORS 79.0102, may continue to operate **at** a [*business*] **premises** for which a license has been issued under ORS [*475B.070, 475B.090, 475B.100 or 475B.110*] **475B.010 to 475B.395** for a reasonable period after default on the indebtedness by the debtor.

SECTION 49. ORS 475B.035 is amended to read:

475B.035. The Oregon Liquor Control Commission may limit the quantity of marijuana items [*purchased at any one time by a consumer so as effectually to*] **transferred to a consumer or other individual if the commission determines that the limitation is necessary to** prevent the resale of marijuana items.

SECTION 50. ORS 475B.040 is amended to read:

475B.040. (1) An applicant for a license or renewal of a license **issued** under ORS 475B.010 to 475B.395 shall apply to the Oregon Liquor Control Commission in the form required by the commission **by rule**, showing the name and address of the applicant, location of the [*place of business*] **premises** that is to be operated under the license and other pertinent information required by the commission. The commission may not [*grant*] **issue** or renew a license until the applicant has com-

Enrolled Senate Bill 1057 (SB 1057-A) Page 19

plied with the provisions of ORS 475B.010 to 475B.395 and [*the rules of the commission*] **rules adopted under ORS 475B.010 to 475B.395**.

(2) The commission may reject any application that is not submitted in the form required **by the commission** by rule. The commission shall give applicants an opportunity to be heard if an application is rejected. A hearing under this subsection is not subject to the requirements for contested case proceedings under ORS chapter 183.

(3) Except as provided in subsection (2) of this section, a revocation of, or a refusal to issue or renew, a license **issued** under ORS 475B.010 to 475B.395 is subject to the requirements for contested

case proceedings under ORS chapter 183.

SECTION 51. ORS 475B.045 is amended to read:

475B.045. (1) The Oregon Liquor Control Commission may not license an applicant under the provisions of ORS 475B.010 to 475B.395 if the applicant is under 21 years of age.

(2) The commission may refuse to license an applicant under the provisions of ORS 475B.010 to 475B.395 if the commission [*has reasonable ground to believe*] **makes a finding** that the applicant:

(a) Is in the habit of using alcoholic beverages, habit-forming drugs, marijuana or controlled substances to excess.

(b) Has made false statements to the commission.

(c) Is incompetent or physically unable to carry on the management of the establishment proposed to be licensed.

(d) Has been convicted of violating a [*general or local law of this state or another state, or of violating a federal law,*] **federal law, state law or local ordinance** if the conviction is substantially related to the fitness and ability of the applicant to lawfully carry out activities under the license.

(e) Is not of good repute and moral character.

(f) Does not have a good record of compliance with ORS 475B.010 to 475B.395 or any rule [*of the commission*] adopted under ORS 475B.010 to 475B.395.

(g) Is not the legitimate owner of the [*business*] **premises** proposed to be licensed, or **has not disclosed that** other persons have ownership interests in the [*business that have not been disclosed.*] **premises proposed to be licensed.**

(h) [*Is not possessed of or*] Has not demonstrated financial responsibility sufficient to adequately meet the requirements of the [*business*] **premises** proposed to be licensed.

(i) Is unable to understand the laws of this state relating to marijuana **items** or the rules [*of the commission relating to marijuana*] **adopted under ORS 475B.010 to 475B.395**.

(3) Notwithstanding subsection (2)(d) of this section, in determining whether the commission may refuse to license an applicant, the commission may not consider the prior conviction of the applicant or any owner, director, officer, manager, employee, agent or other representative of the applicant for:

(a) The manufacture of marijuana, if:

(A) The date of the conviction is two or more years before the date of the application; and

(B) The person has not been convicted more than once for the manufacture or delivery of marijuana;

(b) The delivery of marijuana to a person 21 years of age or older, if:

(A) The date of the conviction is two or more years before the date of the application; and

(B) The person has not been convicted more than once for the manufacture or delivery of marijuana; or

(c) The possession of marijuana.

SECTION 52. ORS 475B.055 is amended to read:

475B.055. A license [*granted*] **issued** under ORS 475B.010 to 475B.395:

(1) Is a [*purely*] personal privilege.

[*(2) Is valid for the period stated in the license.*]

[*(3)*] **(2)** Is renewable in the manner provided in ORS 475B.040, except for a cause that would be grounds for refusal to issue the license under ORS 475B.045.

[*(4)*] **(3)** Is revocable or suspendible as provided in ORS 475B.210.

Enrolled Senate Bill 1057 (SB 1057-A) Page 20

[*(5)*] **(4)** Is transferable from the premises for which the license was originally issued to another premises subject to the provisions of ORS 475B.010 to 475B.395, applicable rules [*of the Oregon Liquor Control Commission*] **adopted under ORS 475B.010 to 475B.395** and applicable local ordinances.

[*(6)*] **(5) If the license was issued to an individual,** expires upon the death of the licensee, except as provided in ORS 475B.033.

[*(7)*] **(6)** Does not constitute property.

[*(8)*] **(7)** Is not alienable.

[*(9)*] **(8)** Is not subject to attachment or execution.

[*(10)*] **(9)** Does not descend by the laws of testate or intestate devolution.

SECTION 53. ORS 475B.060 is amended to read:

475B.060. (1) The Oregon Liquor Control Commission shall approve or deny an application to [*produce, process and sell marijuana under ORS 475B.070, 475B.090, 475B.100 and 475B.110*] **be licensed under ORS 475B.010 to 475B.395**. Upon receiving an application **under ORS 475B.040**, the commission may not unreasonably delay processing, approving or denying the application or, if the application is approved, issuing the license.

(2) The licenses described in ORS [*475B.070, 475B.090, 475B.100 and 475B.110*] **475B.010 to 475B.395** must be issued by the commission, subject to the provisions of ORS 475B.010 to 475B.395 and [*the*] rules adopted under ORS 475B.010 to 475B.395.

(3) The commission may not license a premises that does not have defined boundaries. A [*licensed*] premises does not need to be enclosed by a wall, fence or other structure, but the commission may require [*that*] a [*licensed*] premises **to** be enclosed as a condition of issuing or renewing a license. The commission may not license **a** mobile premises.

SECTION 54. ORS 475B.065 is amended to read:

475B.065. Licensees and licensee representatives may produce, deliver and possess marijuana items subject to the provisions of ORS 475B.010 to 475B.395 **and rules adopted under ORS 475B.010 to 475B.395**. The production, delivery [*and*] **or** possession of marijuana items by a licensee or a licensee representative in compliance with ORS 475B.010 to 475B.395 **and rules adopted under ORS 475B.010 to 475B.395** does not constitute a criminal or civil offense under the laws of this state.

SECTION 55. ORS 475B.068 is amended to read:

475B.068. [*The same person may hold one or more production licenses, one or more processor licenses, one or more wholesale licenses and one or more retail licenses.*] **A person may hold:**

(1) Multiple licenses to conduct at different premises the same activity for which a license

is required under ORS 475B.010 to 475B.395; and

(2) Multiple types of licenses to conduct at the same or different premises different activities for which a license is required under ORS 475B.010 to 475B.395.

SECTION 56. ORS 475B.070, as amended by section 1, chapter 24, Oregon Laws 2016, and section 7, chapter 83, Oregon Laws 2016, is amended to read:

475B.070. (1) The production of marijuana is subject to regulation by the Oregon Liquor Control Commission.

(2) A marijuana producer must have a production license issued by the commission for the premises at which the marijuana is produced. To hold a production license **issued** under this section, a marijuana producer:

(a) Must apply for a license in the manner described in ORS 475B.040;

(b) Must provide proof that the applicant is 21 years of age or older; and

(c) Must meet the requirements of any rule adopted by the commission under subsection (3) of this section.

(3) The commission shall adopt rules that:

(a) Require a marijuana producer to annually renew a license issued under this section;

(b) Establish application, licensure and renewal of licensure fees for marijuana producers; Enrolled Senate Bill 1057 (SB 1057-A) Page 21

(c) Require marijuana produced by marijuana producers to be tested in accordance with ORS 475B.555;

(d) Assist the viability of marijuana producers that are independently owned and operated and that are limited in size and revenue with respect to other marijuana producers, by minimizing barriers to entry into the regulated system and by expanding, to the extent practicable, transportation options that will support their access to the retail market;

(e) Allow a marijuana producer registered under section 2, chapter 83, Oregon Laws 2016, to produce marijuana for medical purposes in the same manner that rules adopted under ORS 475B.010 to 475B.395 allow a marijuana producer to produce marijuana for nonmedical purposes, excepting those circumstances where differentiating between the production of marijuana for medical purposes and the production of marijuana for nonmedical purposes is necessary to protect the public health and safety;

(f) Require marijuana producers to submit, at the time of applying for or renewing a license under ORS 475B.040, a report describing the applicant's or licensee's electrical or water usage; and

(g)[*(A)*] Require a marijuana producer to meet any public health and safety standards and industry best practices established by the commission by rule related to[*:*] **the production of marijuana or the propagation of immature marijuana plants and marijuana seeds.**

[*(i) The production of marijuana; or*]

[*(ii) The propagation of immature marijuana plants and the seeds of the plant Cannabis family Cannabaceae.*]

[*(B) For purposes of establishing rules under subparagraph (A)(ii) of this paragraph, the commission*

may not limit:]

[*(i) The number of immature marijuana plants that may be possessed by a marijuana producer licensed under this section;*]

[*(ii) The size of the grow canopy a marijuana producer licensed under this section uses to grow immature marijuana plants; or*]

[*(iii) The weight or size of shipments of immature marijuana plants made by a marijuana producer licensed under this section.*]

(4) Fees adopted under subsection (3)(b) of this section:

(a) May not exceed, together with other fees collected under ORS 475B.010 to 475B.395, the cost of administering ORS 475B.010 to 475B.395;

(b) Shall be in the form of a schedule that imposes a greater fee for premises with more square footage or on which more [*mature*] marijuana plants are grown; and

(c) Shall be deposited in the Marijuana Control and Regulation Fund established under ORS 475B.240.

SECTION 57. ORS 475B.075, as amended by section 10, chapter 24, Oregon Laws 2016, is amended to read:

475B.075. (1) Subject to subsection [*(2)*] **(3)** of this section, the Oregon Liquor Control Commission shall adopt rules restricting the size of [*mature*] marijuana plant grow canopies at premises for which a license has been issued under ORS 475B.070. In adopting rules under this subsection, the commission shall:

(a) Limit the size of [*mature*] marijuana plant grow canopies, for premises where marijuana is grown outdoors and for premises where marijuana is grown indoors, in a manner calculated to result in premises that produce the same amount of harvested marijuana leaves and harvested marijuana flowers regardless of whether the marijuana is grown outdoors or indoors.

(b) Adopt a tiered system under which the permitted size of a marijuana producer's [*mature*] marijuana plant grow canopy increases at the time of licensure renewal under ORS 475B.070, except that the permitted size of a marijuana producer's [*mature*] marijuana plant grow canopy may not increase following any year during which the commission disciplined the marijuana producer for violating a provision of ORS 475B.010 to 475B.395 or a rule adopted under [*a provision of*] ORS 475B.010 to 475B.395.

Enrolled Senate Bill 1057 (SB 1057-A) Page 22

(c) Take into consideration the market demand for marijuana items in this state, the number of [*persons*] **marijuana producers** applying for a license under ORS 475B.070, [*and to whom a license has been issued*] **the number of marijuana producers that hold a license issued** under ORS 475B.070[,] and whether the availability of marijuana items in this state is commensurate with the market demand.

[*(2) This section:*]

[*(a) Applies only to that portion of a premises for which a license has been issued under ORS 475B.070 that is used to produce mature marijuana plants; and*]

[*(b) Does not apply to a premises for which a license has been issued under ORS 475B.070 if the premises is used only to propagate immature marijuana plants.*]

(2) For purposes of this section, the commission may adopt different rules for mature marijuana plant grow canopies and immature marijuana plant grow canopies.

(3) This section applies only to that portion of a premises for which a license has been issued under ORS 475B.070 that is used to produce marijuana plants.

SECTION 58. ORS 475B.125 is amended to read:

475B.125. The Oregon Liquor Control Commission may adopt rules establishing the circumstances under which the commission may require a marijuana retailer that holds a license issued under ORS 475B.110 to use an age verification scanner or any other equipment used to verify a person's age for the purpose of ensuring that the marijuana retailer does not sell marijuana items to a person under 21 years of age. [*The marijuana retailer may not retain any*] Information obtained under this section **may not be retained** after verifying a person's age[. *The marijuana retailer may not use any information obtained under this section*] **and may not be used** for any purpose other than verifying a person's age.

SECTION 59. ORS 475B.130 is amended to read:

475B.130. (1) The Oregon Liquor Control Commission [*has the right after 72 hours' notice to the owner or the agent of the owner to*] **may, after 72 hours' notice,** make an examination of the books [*and*] **of a licensee for the purpose of determining compliance with ORS 475B.010 to 475B.395 and rules adopted under ORS 475B.010 to 475B.395.**

(2) The commission may at any time make an examination of [*the*] **a** premises [*of any person licensed*] **for which a license has been issued** under ORS 475B.010 to 475B.395 for the purpose of determining compliance with ORS 475B.010 to 475B.395 and [*the rules of the commission*] **rules adopted under ORS 475B.010 to 475B.395.**

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

[*(3)*] **(4)** This section does not authorize the commission to make an examination of [*the*] **a** premises of a person registered under ORS 475B.400 to 475B.525.

SECTION 60. ORS 475B.135 is amended to read:

475B.135. As is necessary to protect the public health and safety, the Oregon Liquor Control Commission may require a premises licensed under ORS [*475B.070, 475B.090, 475B.100 or 475B.110*] **475B.010 to 475B.395** to be segregated into separate areas:

(1) For conducting the activities permitted under each license, if the licensee holds more than one license issued under ORS [*475B.070, 475B.090, 475B.100 or 475B.110*] **475B.010 to 475B.395 for the same premises**; or

(2) For conducting activities related to processing marijuana into different types of cannabinoid products, cannabinoid concentrates or cannabinoid extracts, if the licensee is a marijuana processor **that holds a license issued under ORS 475B.090 and** that processes marijuana into any combination of different types of products, concentrates and extracts.

SECTION 61. ORS 475B.140 is amended to read:

475B.140. As is necessary to protect the public health and safety, the Oregon Liquor Control Commission may require a [*person that holds a license under ORS 475B.070, 475B.090, 475B.100 or 475B.110*] **licensee** to maintain general liability insurance in an amount that the commission determines is reasonably affordable and available for the purpose of protecting the [*person*] **licensee**

Enrolled Senate Bill 1057 (SB 1057-A) Page 23

against damages resulting from a cause of action related to activities undertaken pursuant to the license **held by the licensee**.

SECTION 62. ORS 475B.150, as amended by section 64, chapter 24, Oregon Laws 2016, is amended to read:

475B.150. (1) The Oregon Liquor Control Commission shall develop and maintain a system for tracking the transfer of marijuana items between premises **for which licenses have been issued under ORS 475B.010 to 475B.395**.

(2) The purposes of the system developed and maintained under this section include, but are not limited to:

(a) Preventing the diversion of marijuana items to criminal enterprises, gangs, cartels and other states;

(b) Preventing persons from substituting or tampering with marijuana items;

(c) Ensuring an accurate accounting of the production, processing and sale of marijuana items;

(d) Ensuring that laboratory testing results are accurately reported; and

(e) Ensuring compliance with [*the provisions of*] ORS 475B.010 to 475B.395, rules adopted under [*the provisions of*] ORS 475B.010 to 475B.395 and any other law of this state that charges the commission with a duty, function or power related to marijuana.

(3) The system developed and maintained under this section must be capable of tracking, at a minimum:

(a) The propagation of immature marijuana plants and the production of marijuana by a marijuana producer;

(b) The processing of marijuana by a marijuana processor;

(c) The receiving, storing and delivering of marijuana items by a marijuana wholesaler;

(d) The sale of marijuana items by a marijuana retailer to a consumer;

(e) The **sale and** purchase [*and sale*] of marijuana items between licensees, as permitted by ORS 475B.010 to 475B.395;

(f) The transfer of marijuana items between premises **for which licenses have been issued under ORS 475B.010 to 475B.395**; and

(g) Any other information that the commission determines is reasonably necessary to accomplish the duties, functions and powers of the commission under ORS 475B.010 to 475B.395.

SECTION 63. ORS 475B.160, as amended by section 23, chapter 23, Oregon Laws 2016, section 65, chapter 24, Oregon Laws 2016, and section 12, chapter 83, Oregon Laws 2016, is amended to read:

475B.160. (1) Except as provided in section 22, chapter 23, Oregon Laws 2016, and section 2, chapter 83, Oregon Laws 2016, a marijuana producer **that holds a license issued under ORS 475B.070**, marijuana processor **that holds a license issued under ORS 475B.090** or marijuana wholesaler **that holds a license issued under ORS 475B.100** may deliver marijuana items only to or on a premises **for which a license has been issued under ORS 475B.070, 475B.090, 475B.100 or 475B.110, or to a registry identification cardholder or designated primary caregiver as allowed under ORS 475B.010 to 475B.395**.

(2) [*A premises*] **A licensee to which marijuana items may be delivered under subsection (1) of this section** may receive marijuana items only from:

[*(a) A marijuana producer, marijuana processor or marijuana wholesaler for whom a premises has been licensed by the Oregon Liquor Control Commission;*]

(a) A marijuana producer that holds a license issued under ORS 475B.070, marijuana processor that holds a license issued under ORS 475B.090, marijuana wholesaler that holds a license issued under ORS 475B.100 or marijuana retailer that holds a license issued under ORS 475B.110;

(b) A researcher of cannabis [*certified*] **that holds a certificate issued** under ORS 475B.235 [*who*] **and that** transfers limited amounts of marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts in accordance with procedures adopted under ORS 475B.235 (3)(d) and (e); or

Enrolled Senate Bill 1057 (SB 1057-A) Page 24

(c) A marijuana grow site registered under ORS 475B.420, marijuana processing site registered under ORS 475B.435, or a medical marijuana dispensary registered under ORS 475B.450, acting in accordance with procedures adopted by the **Oregon Liquor Control** Commission under section 25, chapter 24, Oregon Laws 2016.

(3) The sale of marijuana items by a marijuana retailer that holds a license issued under ORS 475B.110 must be restricted to the premises [*described in the license*] **for which the license has been issued**, but deliveries may be made by [*the*] **a** marijuana retailer to consumers pursuant to a bona fide order received at the premises prior to delivery.

(4) The commission may by order waive the requirements of subsections (1) and (2) of this section to ensure compliance with ORS 475B.010 to 475B.395 or a rule adopted under ORS 475B.010 to 475B.395. An order issued under this subsection does not constitute a waiver of any other requirement of ORS 475B.010 to 475B.395 or any other rule adopted under ORS 475B.010 to 475B.395.

SECTION 64. ORS 475B.170 is amended to read:

475B.170. (1) Subject to subsection (2) of this section, a licensee or licensee representative, before selling or providing a marijuana item to another person, must require the person to produce one of the following pieces of identification:

(a) The person's passport.

(b) The person's driver license, **issued by the State of Oregon or another state of the United**

States [*whether issued in this state or by any other state, as long as the license has a picture of the person*].

(c) An identification card issued under ORS 807.400.

(d) A United States military identification card.

(e) An identification card issued by a federally recognized Indian tribe.

[*(e)*] **(f)** Any other identification card issued by a state **or territory of the United States** that bears a picture of the person, the name of the person, the person's date of birth and a physical description of the person.

(2) The Oregon Liquor Control Commission may adopt rules exempting a licensee or licensee representative from this section.

SECTION 65. ORS 475B.180 is amended to read:

475B.180. (1) A licensee may not employ [*any*] **a** person under 21 years of age [*in any part of any licensed premises*] **at a premises for which a license has been issued under ORS 475B.010 to 475B.395**.

(2) During [*any*] **an** inspection of a [*licensed*] premises **for which a license has been issued under ORS 475B.010 to 475B.395**, the Oregon Liquor Control Commission may require proof that a person performing work at the premises is 21 years of age or older. If the person does not provide the commission with acceptable proof of age upon request, the commission may require the person to immediately cease any activity and leave the premises until the commission receives acceptable proof of age. This subsection does not apply to a person temporarily at the premises to make a service, maintenance or repair call or for other purposes independent of the premises operations.

(3) If a person performing work has not provided proof of age requested by the commission under subsection (2) of this section, the commission may request that the licensee provide proof that the person is 21 years of age or older. Failure of the licensee to respond to a request made under this subsection by providing acceptable proof of age for a person is prima facie evidence that the licensee has allowed the person to perform work at the [*licensed*] premises **for which a license has been issued under ORS 475B.010 to 475B.395** in violation of the minimum age requirement.

SECTION 66. ORS 475B.315 is amended to read:

475B.315. (1) Except where other punishment is specifically provided for in ORS 475B.010 to 475B.395, violation of any provision of ORS 475B.010 to 475B.395 is a Class A misdemeanor.

(2) Subject to ORS 153.022, violation of a rule adopted under ORS 475B.025 [*(2)(d)*] **(2)(c)** is a Class C violation.

SECTION 67. ORS 475B.190 is amended to read:

Enrolled Senate Bill 1057 (SB 1057-A) Page 25

475B.190. (1) A licensee may not use or allow the use of a mark or label on the container of a marijuana item that is kept for sale if the [*container*] **mark or label** does not precisely and clearly indicate the nature of the container's contents or **if the mark or label** in any way might deceive a customer [*as to*] **about** the nature, composition, quantity, age or quality of the [*marijuana item.*] **container's contents.**

(2) The Oregon Liquor Control Commission may prohibit a licensee from selling any brand of marijuana item that in the commission's judgment is deceptively **branded or** labeled [*or branded as to content*] or contains injurious or adulterated ingredients.

SECTION 68. ORS 475B.200 is amended to read:

475B.200. (1) Except for a [*licensed marijuana producer and the producer's licensee representative*] **marijuana producer that holds a license issued under ORS 475B.070 or licensee representative of a marijuana producer that holds a license issued under ORS 475B.070**, a licensee **or licensee representative** may not possess a mature marijuana plant.

(2) A licensee **or licensee representative** may not sell a mature marijuana plant.

SECTION 69. ORS 475B.205 is amended to read:

475B.205. (1) A person may not make false representations or statements to the Oregon Liquor Control Commission in order to induce or prevent action by the commission.

(2) A licensee [*of the commission*] may not maintain a noisy, lewd, disorderly or insanitary establishment or supply impure or otherwise deleterious marijuana items.

(3) A licensee [*of the commission*] may not misrepresent to a customer or to the public any marijuana items.

SECTION 70. ORS 475B.210 is amended to read:

475B.210. The Oregon Liquor Control Commission may revoke or suspend a license issued under ORS 475B.010 to 475B.395 if the commission finds or has reasonable ground to believe any of the following to be true:

(1) That the licensee:

(a) Has violated a provision of ORS 475B.010 to 475B.395 or a rule [*of the commission*] adopted under ORS 475B.010 to 475B.395.

(b) Has made any false representation or statement to the commission in order to induce or prevent action by the commission.

(c) Is insolvent or incompetent or physically unable to carry on the management of the establishment of the licensee.

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

(e) Has misrepresented to a customer or the public any marijuana items sold by the licensee.

(f) Since the [*granting*] **issuance** of the license, has been convicted of a felony, of violating any of the marijuana laws of this state, general or local, or of any misdemeanor or violation of any municipal ordinance committed on the [*licensed*] premises **for which the license has been issued.**

(2) That there is any other reason that, in the opinion of the commission, based on public convenience or necessity, warrants [*canceling*] **revoking** or suspending the license.

SECTION 71. ORS 475B.215, as amended by section 16, chapter 23, Oregon Laws 2016, is amended to read:

475B.215. (1) An individual who performs work for or on behalf of a [*person who holds a license under ORS 475B.070, 475B.090, 475B.100 or 475B.110*] **licensee** must have a valid permit issued by

the Oregon Liquor Control Commission under ORS 475B.218 if the individual participates in:

(a) The possession, production, propagation, processing, securing or selling of marijuana items at the premises for which the license has been issued;

(b) The recording of the possession, production, propagation, processing, securing or selling of marijuana items at the premises for which the license has been issued; or

(c) The verification of any document described in ORS 475B.170.

(2) A [*person who holds a license under ORS 475B.070, 475B.090, 475B.100 or 475B.110*] **licensee** must verify that an individual has a valid permit issued under ORS 475B.218 before allowing the

Enrolled Senate Bill 1057 (SB 1057-A) Page 26

individual to perform any work described in subsection (1) of this section at the premises for which the license has been issued.

SECTION 72. ORS 475B.218, as amended by section 13, chapter 24, Oregon Laws 2016, is amended to read:

475B.218. (1) The Oregon Liquor Control Commission shall issue permits to qualified applicants to perform work described in ORS 475B.215. The commission shall adopt rules establishing:

(a) The qualifications for performing work described in ORS 475B.215;

(b) The term of a permit issued under this section;

(c) Procedures for applying for and renewing a permit issued under this section; and

(d) Reasonable application, issuance and renewal fees for a permit issued under this section.

(2)(a) The commission may require an individual applying for a permit under this section to successfully complete a course, made available by or through the commission, through which the individual receives training on:

(A) Checking identification;

(B) Detecting intoxication;

(C) Handling marijuana items;

(D) If applicable, producing and propagating marijuana;

(E) If applicable, processing marijuana;

[*(D)*] **(F)** The content of ORS 475B.010 to 475B.395 and rules adopted under ORS 475B.010 to 475B.395; [*and*] **or**

[*(E)*] **(G)** Any matter deemed necessary by the commission to protect the public health and safety.

(b) The commission or other provider of [*the*] **a** course may charge a reasonable fee for the course.

(c) The commission may not require an individual to successfully complete [*the*] **a** course more than once, except that:

(A) As part of a final order suspending a permit issued under this section, the commission may require a permit holder to successfully complete the course as a condition of lifting the suspension; and

(B) As part of a final order revoking a permit issued under this section, the commission shall

require an individual to successfully complete the course prior to applying for a new permit.

(3) The commission shall conduct a criminal records check under ORS 181A.195 on an individual applying for a permit under this section.

(4) Subject to the applicable provisions of ORS chapter 183, the commission may suspend, revoke or refuse to issue or renew a permit if the individual who is applying for or who holds the permit:

(a) Is convicted of a felony or is convicted of an offense under ORS 475.856, 475.858, 475.860, 475.862 or 475B.010 to 475B.395, except that the commission may not consider a conviction for an offense under ORS 475.856, 475.858, 475.860, 475.862 or 475B.010 to 475B.395 if the date of the conviction is two or more years before the date of the application or renewal;

(b) Violates any provision of ORS 475B.010 to 475B.395 or any rule adopted under ORS 475B.010 to 475B.395; or

(c) Makes a false statement to the commission.

(5) A permit issued under this section is a personal privilege and permits work described under ORS 475B.215 only for the individual who holds the permit.

SECTION 73. ORS 475B.230 is amended to read:

475B.230. (1) An employee of a [*person licensed under ORS 475B.070, 475B.090, 475B.100 or 475B.110*] **licensee** has the right to form, join and participate in the activities of a labor organization of the employee's own choosing for the purpose of securing representation and collective bargaining for matters concerning employment relations with the [*person licensed under ORS 475B.070, 475B.090, 475B.100 or 475B.110*] **licensee**.

(2) For purposes of this section, the provisions of ORS chapters 661 to 663 apply to relations between employees of [*persons licensed under ORS 475B.070, 475B.090, 475B.100 and 475B.110*]
Enrolled Senate Bill 1057 (SB 1057-A) Page 27
licensees and employers that are [*licensed under ORS 475B.070, 475B.090, 475B.100 or 475B.110*] **licensees** in the same manner that those provisions apply to other employment relations.

SECTION 74. ORS 475B.233 is amended to read:

475B.233. (1) It is an unlawful employment practice for a [*person that holds a license under ORS 475B.070, 475B.090, 475B.100 or 475B.110*] **licensee** to discharge, demote, suspend or in any manner discriminate or retaliate against an employee of the [*person*] **licensee** with regard to promotion, compensation or other terms, conditions or privileges of employment on the basis that the employee has in good faith reported information to the Oregon Liquor Control Commission that the employee believes is evidence of a violation of [*a provision of*] ORS 475B.010 to 475B.395 or a rule adopted under [*a provision of*] ORS 475B.010 to 475B.395.

(2) This section is subject to enforcement under ORS chapter 659A.

SECTION 75. ORS 475B.235, as amended by section 24, chapter 23, Oregon Laws 2016, and section 12, chapter 24, Oregon Laws 2016, is amended to read:

475B.235. (1) The Oregon Liquor Control Commission, in consultation with the Oregon Health Authority and the State Department of Agriculture, shall establish a program for the purpose of identifying and certifying private and public researchers of cannabis.

(2)(a) The authority shall assist the commission in identifying candidates for certification under this section with respect to potential medical research.

(b) The department shall assist the commission in identifying candidates for certification under this section with respect to potential agricultural research.

(3) Subject to subsection (4) of this section, the commission shall adopt by rule or order:

(a) Qualifications for certification under this section;

(b) The term of a certificate issued under this section;

(c) Processes for applying for, receiving and renewing a certificate under this section;

(d) Procedures for tracking marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts received by and disposed or otherwise made use of by a person [*certified*] **that holds a certificate issued** under this section; and

(e) Procedures for disposing or otherwise making use of marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts.

(4) In establishing qualifications under subsection (3) of this section, the commission shall consider the following:

(a) A research applicant's access to funding and the overall cost of the proposed research;

(b) The overall benefit of an applicant's proposed research to this state's cannabis industry or to public health and safety; and

(c) Legal barriers to conducting the proposed research or legal risks associated with conducting the proposed research.

(5) In adopting procedures under subsection (3)(d) and (e) of this section with respect to making use of marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts, the commission shall also adopt procedures by which a person [*certified*] **that holds a certificate issued** under this section may transfer limited amounts of marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts to another person [*certified*] **that holds a certificate issued** under this section or to a premises for which a license has been issued under ORS 475B.070, 475B.090, 475B.100 or 475B.110.

(6) In adopting procedures under subsection (3)(d) and (e) of this section with respect to making use of marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts, the commission shall also adopt procedures by which a person [*certified*] **that holds a certificate issued** under this section may give, devise or bequest usable marijuana, immature marijuana plants, **marijuana** seeds, cannabinoid products, cannabinoid concentrates and cannabinoid extracts to a medical marijuana dispensary registered with the authority under ORS 475B.450 and owned by a nonprofit corporation organized under ORS chapter 65 for purposes described in section 22, chapter 23, Oregon Laws 2016.

(7) A person [*certified*] **that holds a certificate issued** under this section:

Enrolled Senate Bill 1057 (SB 1057-A) Page 28

(a) May receive marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts from a licensee or a registrant under ORS 475B.400 to 475B.525; and

(b) May not sell or otherwise transfer marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates or cannabinoid extracts to any other person, except as provided in this section and rules adopted by the commission under this section.

(8) Except as otherwise provided by the commission by rule, rules adopted [*by the commission for the purpose of administering and enforcing*] **under** ORS 475B.010 to 475B.395 with respect to licensees and licensee representatives apply to persons [*certified*] **that hold a certificate issued** under this section and persons employed by or who otherwise perform work for persons [*certified*] **that hold a certificate issued** under this section.

(9) A person [*who is certified*] **that holds a certificate issued** under this section, and an employee of or other person who performs work for a person [*certified*] **that holds a certificate issued** under this section, is exempt from the criminal laws of this state for possession, delivery or manufacture of marijuana, aiding and abetting another in the possession, delivery and manufacture of marijuana, or any other criminal offense in which possession, delivery or manufacture of marijuana is an element, while performing activities related to conducting research as described in this section.

SECTION 76. ORS 475B.255, as amended by section 38, chapter 24, Oregon Laws 2016, is amended to read:

475B.255. A person other than a [*person*] **marijuana processor** that holds a license **issued** under ORS 475B.090 may not process cannabinoid extracts into a cannabinoid product.

SECTION 77. ORS 475B.260 is amended to read:

475B.260. (1)(a) A person under 21 years of age may not attempt to purchase, purchase or acquire a marijuana item.

(b) For purposes of this subsection, purchasing a marijuana item includes accepting a marijuana item, and acquiring a marijuana item includes consuming a marijuana item, provided that the consumption of the marijuana item occurred no more than 24 hours before the determination that the person consumed the marijuana item.

(2) Except as authorized by the Oregon Liquor Control Commission by rule, or as necessary in an emergency, a person under 21 years of age may not enter or attempt to enter any portion of a [*licensed*] premises that is posted or otherwise identified as being prohibited to the use of persons under 21 years of age.

(3) A person who violates subsection (1) or (2) of this section commits a Class B violation.

(4) In addition to and not in lieu of any other penalty established by law, a court may require a person under 21 years of age who violates subsection (1) of this section through misrepresentation of age to perform community service, and the court may order that the person's driving privileges and right to apply for driving privileges be suspended for a period not to exceed one year. If a court has issued an order suspending driving privileges under this section, the court, upon petition of the person, may withdraw the order at any time the court deems appropriate. The court notification to the Department of Transportation under this subsection may include a recommendation that the person be granted a hardship permit under ORS 807.240 if the person is otherwise eligible for the permit.

(5) If a person cited under this section is at least 13 years of age but less than 21 years of age at the time the person is found in default under ORS 153.102 or 419C.472 for failure to appear, in addition to and not in lieu of any other penalty, the court shall issue notice under ORS 809.220 to the department for the department to suspend the person's driving privileges under ORS 809.280 (4).

(6) In addition to and not in lieu of any penalty established by law, the court may order a person to undergo assessment and treatment if the person has previously been found to have violated this section.

(7) The prohibitions of this section do not apply to a person under 21 years of age who is acting under the direction of the commission or under the direction of state or local law enforcement
Enrolled Senate Bill 1057 (SB 1057-A) Page 29
agencies for the purpose of investigating possible violations of laws prohibiting sales of marijuana items to persons who are under 21 years of age.

(8) The prohibitions of this section do not apply to a person under 21 years of age who is acting under the direction of a licensee for the purpose of investigating possible violations by employees of the licensee of laws prohibiting sales of marijuana items to persons who are under 21 years of age.

(9)(a) A person under 21 years of age is not in violation of, and is immune from prosecution under, this section if:

(A) The person contacted emergency medical services or a law enforcement agency in order to obtain medical assistance for another person who was in need of medical assistance because that person consumed a marijuana item and the evidence of the violation of this section was obtained as a result of the person's having contacted emergency medical services or a law enforcement agency; or

(B) The person was in need of medical assistance because the person consumed a marijuana item and the evidence of the violation of this section was obtained as a result of the person's having sought or obtained the medical assistance.

(b) Paragraph (a) of this subsection does not exclude the use of evidence obtained as a result of a person's having sought medical assistance in proceedings for crimes or offenses other than a violation of this section.

SECTION 78. ORS 475B.290 is amended to read:

475B.290. For purposes of ORS 475B.010 to 475B.395, the provisions of ORS 183.440 apply to subpoenas issued by the Oregon Liquor Control Commission and [*any*] **to subpoenas issued by an** authorized agent of the commission.

SECTION 79. ORS 475B.295 is amended to read:

475B.295. In addition to any other liability or penalty provided by law, the Oregon Liquor Control Commission may impose for each violation of a provision of ORS 475B.010 to 475B.395 or a rule adopted under [*a provision of*] ORS 475B.010 to 475B.395 a civil penalty that does not exceed $5,000 for each violation. The commission shall impose civil penalties under this section in the manner provided by ORS 183.745. Moneys collected under this section shall be deposited in the Marijuana

Control and Regulation Fund established under ORS 475B.240.

SECTION 80. ORS 475B.298 is amended to read:

475B.298. If [*it is proved that*] the owner of a building or premises knowingly has used the building or premises **for,** or allowed the building or premises to be occupied for, the [*manufacture, sale or possession*] **production, processing, sale or use** of marijuana items contrary to the provisions of ORS 475B.010 to 475B.395, **475B.400 to 475B.525, 475B.550 to 475B.590 or 475B.600 to 475B.655, or contrary to the provisions of any other state law or local ordinance regulating the production, processing, sale or use of marijuana items,** the building or premises [*are*] **is** subject to a lien for, and may be sold to pay all fines and costs assessed against [*their occupants for,*] **the occupants of the building or premises for,** any violation of ORS 475B.010 to 475B.395, **475B.400 to 475B.525, 475B.550 to 475B.590 or 475B.600 to 475B.655, or any other state law or local ordinance regulating the production, processing, sale or use of marijuana items**. The lien must be enforced immediately by civil action in [*any*] **a** court that has jurisdiction **over the area in which the building or premises is located**, by the district attorney of the county in which the building or premises [*are*] **is** located.

SECTION 81. ORS 475B.300 is amended to read:

475B.300. The [*state police, sheriffs and police*] **law enforcement** officers of this state may enforce ORS 475B.010 to 475B.395 and assist the Oregon Liquor Control Commission in detecting violations of ORS 475B.010 to 475B.395 and apprehending offenders. [*An enforcing*] **A law enforcement** officer who has notice, knowledge or reasonable ground of suspicion of a violation of ORS 475B.010 to 475B.395 shall immediately notify the district attorney **who has jurisdiction over the violation** and furnish the district attorney **who has jurisdiction over the violation** with names and addresses

Enrolled Senate Bill 1057 (SB 1057-A) Page 30

of any witnesses[,] **to the violation** or other information [*within the officer's knowledge, of*] **related to** the violation.

SECTION 82. ORS 475B.305 is amended to read:

475B.305. (1) When [*an*] **a law enforcement** officer arrests a person for [*violation of*] **violating** ORS 475B.010 to 475B.395, the **law enforcement** officer may take into possession all marijuana items and other property that the **arrested** person [*so arrested*] has in possession, or that is on the premises, that [*is*] apparently **is** being used in violation of ORS 475B.010 to 475B.395.

(2) If a person arrested as described in this section is convicted, and the court finds that the marijuana items and other property have been used in violation of [*the laws of this state*] **ORS 475B.010 to 475B.395**:

(a) The marijuana items must be forfeited to an appropriate state or local law enforcement agency and must be delivered by the court or **law enforcement** officer, at the direction of the court, to the law enforcement agency; and

(b) Subject to **any** other applicable law, the other property must be forfeited to the Oregon Liquor Control Commission, and must be delivered by the court or **law enforcement** officer**, at the direction of the court,** to the commission.

(3) The commission is authorized to destroy or [*make such other disposition*] **otherwise dispose** of any property [*it*] **the commission** receives under subsection (2)(b) of this section [*as it considers to be in the public interest. In any such case, all such*]**, provided that if the commission elects to sell the** property, including furniture, furnishings, **and** equipment and facilities for the storing, serving or using of marijuana items [*must be confiscated and forfeited to the state, and*]**,** the clear proceeds **of the sale** must be [*deposited with*] **credited to** the State Treasury **and deposited** in the Common School Fund.

SECTION 83. ORS 475B.310 is amended to read:

475B.310. The county courts, district attorneys and municipal authorities, immediately upon the conviction of [*any*] **a** licensee [*of the Oregon Liquor Control Commission*] of a violation of [*any provision of*] ORS 475B.010 to 475B.395**,** or [*the*] **of a** violation of any other law of this state or ordinance of [*any municipality*] **a city or county located** in this state[*, in which violation marijuana had any part,*] **an element of which is the possession, delivery or manufacture of a marijuana item,** shall notify the **Oregon Liquor Control** Commission of the conviction. [*The county courts, district attorneys and municipal authorities shall notify the commission of any acts, practices or other conduct of a licensee convicted as described in this section that may be subversive of the general welfare or contrary to the spirit of ORS 475B.010 to 475B.395 and shall recommend such action on the part of the commission as will remove the evil.*]

SECTION 84. ORS 475B.325 is amended to read:

475B.325. (1) The governing body of a city or a county, when a petition is filed as provided in this section, shall order an election on the question **as to** whether the operation of [*licensed*] premises **for which a license has been issued under ORS 475B.010 to 475B.395** should be prohibited in the city or county.

(2) Except as otherwise provided in this section, the requirements for preparing, circulating and filing a petition under this section:

(a) In the case of a city, must be as provided for an initiative petition under ORS 250.265 to 250.346.

(b) In the case of a county, must be as provided for an initiative petition under ORS 250.165 to 250.235.

(3) A petition under this section:

(a) Must be filed not less than 60 days before the day of the election; and

(b) Must be signed by not less than 10 percent of the electors registered in the city or county.

(4) If ORS 250.155 makes ORS 250.165 to 250.235 inapplicable to a county or if ORS 250.255 makes ORS 250.265 to 250.346 inapplicable to a city, the requirements for preparing, circulating and filing a petition under this section must be as provided for an initiative petition under the county or city charter or an ordinance adopted under the county or city charter.

Enrolled Senate Bill 1057 (SB 1057-A) Page 31

(5) A signature is not valid unless signed within 180 days before the petition is filed.

(6) An election under this section must be held at the time of the next statewide general

election.

(7) An election under this section must be conducted under ORS chapters 246 to 260.

SECTION 85. ORS 475B.340, as amended by section 4, chapter 23, Oregon Laws 2016, and section 66, chapter 24, Oregon Laws 2016, is amended to read:

475B.340. (1) For purposes of this section, "reasonable regulations" includes:

(a) Reasonable conditions on the manner in which a marijuana producer [*licensed*] **that holds a license issued** under ORS 475B.070 may produce marijuana or in which a [*person who*] **researcher of cannabis that** holds a certificate issued under ORS 475B.235 may produce marijuana or propagate immature marijuana plants;

(b) Reasonable conditions on the manner in which a marijuana processor [*licensed*] **that holds a license issued** under ORS 475B.090 may process marijuana or in which a [*person who*] **researcher of cannabis that** holds a certificate issued under ORS 475B.235 may process marijuana;

(c) Reasonable conditions on the manner in which a marijuana wholesaler [*licensed*] **that holds a license issued** under ORS 475B.100 may sell marijuana at wholesale;

(d) Reasonable conditions on the manner in which a marijuana retailer [*licensed*] **that holds a license issued** under ORS 475B.110 may sell marijuana items;

(e) Reasonable limitations on the hours during which a premises for which a license has been issued under ORS [*475B.070, 475B.090, 475B.100 or 475B.110*] **475B.010 to 475B.395** may operate;

(f) Reasonable requirements related to the public's access to a premises for which a license or certificate has been issued under ORS [*475B.070, 475B.090, 475B.100, 475B.110 or 475B.235*] **475B.010 to 475B.395**; and

(g) Reasonable limitations on where a premises for which a license or certificate may be issued under ORS [*475B.070, 475B.090, 475B.100, 475B.110 or 475B.235*] **475B.010 to 475B.395** may be located.

(2) Notwithstanding ORS 30.935, 215.253 (1) or 633.738, the governing body of a city or county may adopt ordinances that impose reasonable regulations on the operation of businesses located at premises for which a license **or certificate** has been issued under ORS [*475B.070, 475B.090, 475B.100 or 475B.110, or for which a certificate has been issued under ORS 475B.235,*] **475B.010 to 475B.395** if the premises are located in the area subject to the jurisdiction of the city or county, except that the governing body of a city or county may not:

(a) Adopt an ordinance that prohibits a premises for which a license has been issued under ORS 475B.110 from being located within a distance that is greater than 1,000 feet of another premises for which a license has been issued under ORS 475B.110.

(b) Adopt an ordinance [*after January 1, 2015,*] that imposes a setback requirement for an agricultural building used to produce marijuana located on a premises for which a license has been issued under ORS 475B.070 if the agricultural building:

(A) Was constructed on or before July 1, 2015, in compliance with all applicable land use and building code requirements at the time of construction;

(B) Is located at an address where a marijuana grow site first registered with the Oregon Health Authority under ORS 475B.420 on or before January 1, 2015;

(C) Was used to produce marijuana pursuant to the provisions of ORS 475B.400 to 475B.525 on or before January 1, 2015; and

(D) Has four opaque walls and a roof.

SECTION 86. ORS 475B.345, as amended by section 3, chapter 91, Oregon Laws 2016, is amended to read:

475B.345. [*(1) As used in this section, "designated primary caregiver" and "registry identification cardholder" have the meanings given those terms in ORS 475B.410.*]

[*(2)(a)*] **(1)(a)** Except as expressly authorized by this section, the authority to impose a tax or fee on the production, processing or sale of marijuana items in this state is vested solely in the Legislative Assembly.

Enrolled Senate Bill 1057 (SB 1057-A) Page 32

(b) Except as expressly authorized by this section, a county, city or other municipal corporation or district may not adopt or enact ordinances imposing a tax or fee on the production, processing or sale of marijuana items in this state.

[*(3)*] **(2)** Subject to subsection [*(5)*] **(4)** of this section, the governing body of a city or county may adopt an ordinance to be referred to the electors of the city or county as described in subsection

[*(4)*] **(3)** of this section that imposes a tax or a fee on the sale of marijuana items that are sold in the area subject to the jurisdiction of the city or the unincorporated area subject to the jurisdiction of a county by a [*person*] **marijuana retailer** that holds a license **issued** under ORS 475B.110.

[*(4)*] **(3)** If the governing body of a city or county adopts an ordinance under this section, the governing body shall refer the measure of the ordinance to the electors of the city or county for approval at the next statewide general election.

[*(5)*] **(4)** An ordinance adopted under this section may not impose a tax or fee:

(a) In excess of three percent; or

(b) On a registry identification cardholder or on a designated primary caregiver who is purchasing a marijuana item for a registry identification cardholder.

SECTION 87. ORS 475B.355 is amended to read:

475B.355. (1) The Oregon Liquor Control Commission, the State Department of Agriculture and the Oregon Health Authority may not refuse to perform any duty under ORS 475B.010 to 475B.395 on the basis that manufacturing, distributing, dispensing, possessing or using marijuana is prohibited by federal law.

(2) The commission may not revoke or refuse to issue or renew a license**, certificate or permit** under ORS 475B.010 to 475B.395 on the basis that manufacturing, distributing, dispensing, possessing or using marijuana is prohibited by federal law.

SECTION 88. ORS 475B.358 is amended to read:

475B.358. A person may not sue the Oregon Liquor Control Commission or a member of the commission, the State Department of Agriculture or the Oregon Health Authority, or any employee of the commission, department or authority, for performing or omitting to perform any duty, function

or power of the commission, department or authority set forth in ORS 475B.010 to 475B.395 or in any other law of this state requiring the commission, department or authority to perform a duty, function or power related to marijuana **items**.

SECTION 89. ORS 475B.365 is amended to read:

475B.365. In case of invasion, disaster, insurrection or riot, or imminent danger of invasion, disaster, insurrection or riot, the Governor may, for the duration of the invasion, disaster, insurrection or riot, or imminent danger, immediately **and without notice** suspend, [*without notice any license*] in the area involved, [*granted*] **any license, certificate or permit issued** under ORS 475B.010 to 475B.395.

SECTION 90. ORS 475B.370, as amended by section 3, chapter 23, Oregon Laws 2016, is amended to read:

475B.370. (1) Marijuana is:

(a) A crop for the purposes of "farm use" as defined in ORS 215.203;

(b) A crop for purposes of a "farm" and "farming practice," both as defined in ORS 30.930;

(c) A product of farm use as described in ORS 308A.062; and

(d) The product of an agricultural activity for purposes of ORS 568.909.

(2) Notwithstanding ORS chapters 195, 196, 197, 215 and 227, the following are not permitted uses on land designated for exclusive farm use:

(a) A new dwelling used in conjunction with a marijuana crop;

(b) A farm stand, as described in ORS 215.213 (1)(r) or 215.283 (1)(o), used in conjunction with a marijuana crop; and

(c) A commercial activity, as described in ORS 215.213 (2)(c) or 215.283 (2)(a), carried on in conjunction with a marijuana crop.

Enrolled Senate Bill 1057 (SB 1057-A) Page 33

(3) A county may allow the production of marijuana as a farm use on land zoned for farm or forest use in the same manner as the production of marijuana is allowed in exclusive farm use zones under this section and ORS 215.213, 215.283 and 475B.063.

(4) This section applies to:

(a) Marijuana producers [*licensed*] **that hold a license issued** under ORS 475B.070;

(b) Persons registered under ORS 475B.420 and designated to produce marijuana by one or more persons who hold valid registry identification cards issued under ORS 475B.415; and

(c) For the purpose of producing marijuana or propagating immature marijuana plants, [*persons who hold certificates*] **researchers of cannabis that hold a certificate issued** under ORS 475B.235.

SECTION 91. ORS 475B.399 is amended to read:

475B.399. (1) As used in this section, "marijuana" and "marijuana item" have the meanings given those terms in ORS 475B.015.

(2) On or before February 1 of each odd-numbered year, the Oregon Liquor Control Commission shall report to the Legislative Assembly in the manner required by ORS 192.245, the approximate amount of marijuana produced by [*persons who hold a license*] **marijuana producers that hold a**

license issued under ORS 475B.070 and the approximate amount of marijuana items sold by [*persons who hold a license*] **marijuana retailers that hold a license issued** under ORS 475B.110, and whether the supply of marijuana in this state is commensurate with the demand for marijuana items in this state.

SECTION 92. ORS 475B.430 is amended to read:

475B.430. (1) Except as provided in subsection (2) of this section, a registry identification cardholder and the designated primary caregiver of the registry identification cardholder may jointly possess no more than 24 ounces of usable marijuana.

(2) Subject to subsection (3) of this section, a person designated to produce marijuana by a registry identification cardholder may possess the amount of usable marijuana that the person harvests from the person's mature marijuana plants, provided that the person may not possess usable marijuana in excess of the amount of usable marijuana in the person's possession as reported to the Oregon Health Authority under ORS 475B.423.

(3) A person designated to produce marijuana by a registry identification cardholder may not possess usable marijuana in excess of:

(a) For a marijuana [*growsite*] **grow site** located outdoors, 12 pounds of usable marijuana per mature marijuana plant; or

(b) For a marijuana [*growsite*] **grow site** located indoors, six pounds of usable marijuana per mature marijuana plant.

SECTION 93. Section 22, chapter 24, Oregon Laws 2016, is amended to read:

Sec. 22. (1) Subject to subsection (2) of this section, information is exempt from public disclosure under ORS 192.410 to 192.505 if the information is:

(a) The address of a premises for which a license has been issued or for which an applicant has proposed [*to be licensed*] **licensure** under ORS 475B.070, 475B.090 or 485B.100;

(b) Is related to the security plan or the operational plan for a premises for which a license has been issued or for which an applicant has proposed [*to be licensed*] **licensure** under ORS [*475B.070, 475B.090, 485B.100 or 475B.110*] **475B.010 to 475B.395**; or

(c) Is related to any record that the Oregon Liquor Control Commission determines contains proprietary information of a [*person who holds a license under ORS 475B.070, 475B.090, 485B.100 or 475B.110*] **licensee**.

(2) The exemption from public disclosure as provided by this section does not apply to a request for information if the request is made by a law enforcement agency.

SECTION 94. ORS 279A.025 is amended to read:

279A.025. (1) Except as provided in subsections (2) to (4) of this section, the Public Contracting Code applies to all public contracting.

(2) The Public Contracting Code does not apply to:

(a) Contracts between a contracting agency and:

Enrolled Senate Bill 1057 (SB 1057-A) Page 34

(A) Another contracting agency;

(B) The Oregon Health and Science University;
(C) A public university listed in ORS 352.002;
(D) The Oregon State Bar;
(E) A governmental body of another state;
(F) The federal government;
(G) An American Indian tribe or an agency of an American Indian tribe;
(H) A nation, or a governmental body in a nation, other than the United States; or
(I) An intergovernmental entity formed between or among:
(i) Governmental bodies of this or another state;
(ii) The federal government;
(iii) An American Indian tribe or an agency of an American Indian tribe;
(iv) A nation other than the United States; or
(v) A governmental body in a nation other than the United States;

(b) Agreements authorized by ORS chapter 190 or by a statute, charter provision, ordinance or other authority for establishing agreements between or among governmental bodies or agencies or tribal governing bodies or agencies;

(c) Insurance and service contracts as provided for under ORS 414.115, 414.125, 414.135 and 414.145 for purposes of source selection;

(d) Grants;

(e) Contracts for professional or expert witnesses or consultants to provide services or testimony relating to existing or potential litigation or legal matters in which a public body is or may become interested;

(f) Acquisitions or disposals of real property or interest in real property;

(g) Sole-source expenditures when rates are set by law or ordinance for purposes of source selection;

(h) Contracts for the procurement or distribution of textbooks;

(i) Procurements by a contracting agency from an Oregon Corrections Enterprises program;

(j) The procurement, transportation**, sale** or distribution of distilled liquor, as defined in ORS 471.001, or the appointment of agents under ORS **471.230 or** 471.750 by the Oregon Liquor Control Commission;

(k) Contracts entered into under ORS chapter 180 between the Attorney General and private counsel or special legal assistants;

(L) Contracts for the sale of timber from lands owned or managed by the State Board of Forestry and the State Forestry Department;

(m) Contracts for activities necessary or convenient for the sale of timber under paragraph (L) of this subsection, either separately from or in conjunction with contracts for the sale of timber, including but not limited to activities such as timber harvesting and sorting, transporting, gravel pit development or operation, and road construction, maintenance or improvement;

(n) Contracts for forest protection or forest related activities, as described in ORS 477.406, by the State Forester or the State Board of Forestry;

(o) Contracts entered into by the Housing and Community Services Department in exercising the department's duties prescribed in ORS chapters 456 and 458, except that the department's public contracting for goods and services is subject to ORS chapter 279B;

(p) Contracts entered into by the State Treasurer in exercising the powers of that office prescribed in ORS 178.010 to 178.100 and ORS chapters 286A, 287A, 289, 293, 294 and 295, including but not limited to investment contracts and agreements, banking services, clearing house services and collateralization agreements, bond documents, certificates of participation and other debt repayment agreements, and any associated contracts, agreements and documents, regardless of whether the obligations that the contracts, agreements or documents establish are general, special or limited, except that the State Treasurer's public contracting for goods and services is subject to ORS chapter 279B;

Enrolled Senate Bill 1057 (SB 1057-A) Page 35

(q) Contracts, agreements or other documents entered into, issued or established in connection with:

(A) The issuance of obligations, as defined in ORS 286A.100 and 287A.310, of a public body;

(B) The making of program loans and similar extensions or advances of funds, aid or assistance by a public body to a public or private body for the purpose of carrying out, promoting or sustaining activities or programs authorized by law; or

(C) The investment of funds by a public body as authorized by law, and other financial transactions of a public body that by their character cannot practically be established under the competitive contractor selection procedures of ORS 279B.050 to 279B.085;

(r) Contracts for employee benefit plans as provided in ORS 243.105 (1), 243.125 (4), 243.221, 243.275, 243.291, 243.303 and 243.565;

(s) Contracts for employee benefit plans as provided in ORS 243.860 to 243.886; or

(t) Any other public contracting of a public body specifically exempted from the code by another provision of law.

(3) The Public Contracting Code does not apply to the contracting activities of:

(a) The Oregon State Lottery Commission;

(b) The legislative department;

(c) The judicial department;

(d) Semi-independent state agencies listed in ORS 182.454, except as provided in ORS 279.835 to 279.855 and 279A.250 to 279A.290;

(e) Oregon Corrections Enterprises;

(f) The Oregon Film and Video Office, except as provided in ORS 279A.100 and 279A.250 to 279A.290;

(g) The Travel Information Council, except as provided in ORS 279A.250 to 279A.290;

(h) The Oregon 529 Savings Network and the Oregon 529 Savings Board;

(i) The Oregon Innovation Council;

(j) The Oregon Utility Notification Center; or

(k) Any other public body specifically exempted from the code by another provision of law.

(4) ORS 279A.200 to 279A.225 and 279B.050 to 279B.085 do not apply to contracts made with qualified nonprofit agencies providing employment opportunities for individuals with disabilities under ORS 279.835 to 279.855.

SECTION 95. ORS 471.705 is amended to read:

471.705. (1) There is created the Oregon Liquor Control Commission, consisting of [*five persons*] **seven commissioners** appointed by the Governor. One [*member shall*] **commissioner must** be from among the [*bona fide*] residents of each congressional district of [*the*] **this** state. **One additional commissioner must be from eastern Oregon. One additional commissioner must be from western Oregon.** One [*member shall*] **commissioner must** be from the food and alcoholic beverage retail industry. Not more than [*three*] **four** commissioners [*shall*] **may** be of the same political party [*and one shall be designated by*]**.** The Governor **shall designate one commissioner** to be chairperson of the commission. The commissioners are entitled to compensation and expenses as provided in ORS 292.495.

(2) Each commissioner at the time of appointment [*and qualification shall*] **must** be a resident of this state and [*shall*] **must** have resided in this state for at least five years next preceding appointment and qualification. [*The*] **Each** commissioner [*shall*] **must** be an elector [*therein*] **in this state** and **may** not **be** less than 30 years of age. [*A commissioner shall cease to hold office*] **The term of office of a commissioner terminates** if the commissioner ceases to possess the residency or industry qualification for appointment [*and*]**. If the term of office of a commissioner terminates under this subsection,** the Governor shall appoint a qualified individual to complete the unexpired term **of the commissioner**.

[*(2)*] **(3)** The term of office of a commissioner [*shall be*] **is** four years from the time of appointment and qualification and until a successor qualifies **for appointment**. The terms of the commissioners [*shall*] commence April 1. [*In case any*] **If a** commissioner is allowed to hold [*over*] **office**

after the expiration of [*the*] **a** term, the [*successor shall be appointed*] **Governor shall appoint the successor** for the [*balance*] **remainder** of the unexpired term. [*Vacancies in the commission shall be filled by the Governor for the unexpired term.*] **If a vacancy occurs in the commission, the Governor shall appoint the successor for the remainder of the unexpired term.** Each commissioner is eligible for reappointment, but [*no person shall be*] **an individual is not** eligible to serve for more than two full terms.

[*(3)*] **(4)** [*All*] Appointments of commissioners by the Governor **under this section** are subject to confirmation by the Senate pursuant to section 4, Article III, Oregon Constitution.

REPEALS

SECTION 96. Section 41 of this 2017 Act is repealed on July 1, 2019.

MISCELLANEOUS

SECTION 97. The Oregon Liquor Control Commission shall adopt rules necessary to implement the amendments to sections 2 and 3, chapter 83, Oregon Laws 2016, by sections 19

and 20 of this 2017 Act on or before January 1, 2018.

SECTION 98. The amendments to section 2, chapter 83, Oregon Laws 2016, by section 19 of this 2017 Act do not affect any contract entered into between a marijuana producer registered under section 2, chapter 83, Oregon Laws 2016, and a registry identification cardholder, as defined in ORS 475B.410, before the effective date of this 2017 Act.

SECTION 99. (1) Sections 24 to 27 and 31 of this 2017 Act and the amendments to ORS 475B.605 and 475B.655 by sections 33 and 34 of this 2017 Act become operative on January 1, 2018.

(2) The Oregon Liquor Control Commission and the Oregon Health Authority may take any action before the operative date specified in subsection (1) of this section that is necessary to enable the commission and authority to exercise, on and after the operative date specified in subsection (1) of this section, all the duties, functions and powers conferred on the commission and authority by sections 24 to 27 and 31 of this 2017 Act and the amendments to ORS 475B.605 and 475B.655 by sections 33 and 34 of this 2017 Act.

SECTION 100. The unit captions used in this 2017 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 2017 Act.

SECTION 101. This 2017 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2017 Act takes effect on its passage.

Enrolled Senate Bill 1057 (SB 1057-A) Page 37

Passed by Senate May 10, 2017

.....

Lori L. Brocker, Secretary of Senate

.....

Peter Courtney, President of Senate

Passed by House May 22, 2017

.....

Tina Kotek, Speaker of House

Received by Governor:

.....M.,....., 2017

Approved:

.....M.,....., 2017

.....

Kate Brown, Governor

Filed in Office of Secretary of State:

.....M.,....., 2017

.....

Dennis Richardson, Secretary of State

Enrolled Senate Bill 1057 (SB 1057-A)

79th OREGON LEGISLATIVE ASSEMBLY--2017 Regular Session

Enrolled
House Bill 5006

Introduced and printed pursuant to House Rule 12.00. Presession filed (at the request of Oregon Department of Administrative Services)

CHAPTER .....

AN ACT
Relating to state financial administration; and declaring an emergency.

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

SECTION 145. Notwithstanding any other provision of law, the authorized appropriations and expenditure limitations for the biennium beginning July 1, 2017, for the following agencies and programs are changed by the amounts specified:

(1) ADMINISTRATION.

Agency/Program/Funds	2017 Oregon Laws Chapter/ Section	Adjustment
Oregon Advocacy Commissions Office:		
Operating Expenses	General Fund Ch. 370	-$6,529
Oregon Department of Administrative Services		
Debt Service:		
General Fund	HB 5002 1(5)	-77,892
Chief Operating Office		
Other funds	HB 5002 2(1)	-233,141
Chief Financial Office		
Other funds	HB 5002 2(2)	-102,593
Office of the State Chief Information Officer		
Other funds	HB 5002 2(3)	-262,556

Chief Human Resource Office		
Other funds	HB 5002 2(4)	-164,465
OSCIO - State Data Center - Operations		
Other funds	HB 5002 2(5)(a)	-1,151,456
OSCIO - State Data Center - Equipment Replace		
Other funds	HB 5002 2(5)(c)	-58,324
Enterprise Asset Management		
Other funds	HB 5002 2(6)	+436,361
Enterprise Goods and Services		
Other funds	HB 5002 2(7)	-2,125,225
Enterprise Human Resource Services		
Other funds	HB 5002 2(8)	-21,194
Business Services		
Other funds	HB 5002 2(9)	-768,859
Debt Service - Article XI-O Bonds		
Other funds	HB 5002 2(11)	+5
Debt Service - ODAS		
Other funds	HB 5002 2(13)	+5
Debt Service and Related Costs for Bonds Issued		
Lottery funds	HB 5002 3	-2,317,505
Oregon State Treasury:		
Administrative Expenses - ABLE		
General Fund	SB 5541 1(1)	-24,719
Administrative Expenses - ORSB		
General Fund	SB 5541 1(2)	-18,008
Administrative Expenses - Operations		
Other funds	SB 5541 2(1)	-1,547,338
Administrative Expenses - College Savings		
Other funds	SB 5541 2(2)	-10,019

Oregon Racing Commission:		
Operating Expenses		
Other funds	**Ch. 58 1**	**-89,929**
Public Employees Retirement System:		
Central Administration Division		
Other funds	**SB 5534 1(1)**	**-201,996**
Financial and Administrative Services Division		
Other funds	**SB 5534 1(2)**	**-682,029**
Information Services Division		
Other funds	**SB 5534 1(3)**	**-621,521**
Operations Division		
Other funds	**SB 5534 1(4)**	**-1,097,754**
Compliance, Audit and Risk Division		
Other funds	**SB 5534 1(5)**	**-114,759**
Secretary of State:		
Administrative Services Division		
General Fund	**SB 5536 1(1)**	**-126,408**
Other funds	**SB 5536 2(1)**	**-326,154**
Elections Division		

SECTION 146. This 2017 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2017 Act takes effect July 1, 2017.

Passed by House July 5, 2017

.....
Timothy G. Sekerak, Chief Clerk of House

.....
Tina Kotek, Speaker of House

Passed by Senate July 6, 2017

.....
Peter Courtney, President of Senate

Received by Governor:

.....M.,....., 2017

Approved:
.....M.,....., 2017

.....
Kate Brown, Governor

Filed in Office of Secretary of State:
.....M.,....., 2017

.....
Dennis Richardson, Secretary of State

79th OREGON LEGISLATIVE ASSEMBLY--2017 Regular Session

Enrolled

Senate Bill 5508

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with presession filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Oregon Department of Administrative Services)

CHAPTER .....

AN ACT

Relating to state financial administration; and declaring an emergency.

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

SECTION 1. (1) Notwithstanding any other provision of law, the allocation from the Watershed Conservation Operating Fund established by section 3, chapter 659, Oregon Laws 2015, for the biennium ending June 30, 2017, to be allocated by the Oregon Watershed Enhancement Board to the State Department of Agriculture, is increased by $1,101,380 for activities and projects to implement Article XV, section 4b, of the Oregon Constitution.

(2) Notwithstanding any other law limiting expenditures, the limitation on expenditures established by section 3, chapter 683, Oregon Laws 2015, for the biennium ending June 30, 2017, as the maximum limit for payment of expenses by the State Department of Agriculture from lottery moneys deposited into the Watershed Conservation Operating Fund established under ORS 541.945, is increased by $1,101,380 for the eradication of invasive pests.

SECTION 2. (1) Notwithstanding any other provision of law, the General Fund appropriation made to the Judicial Department by section 1 (1), chapter 691, Oregon Laws 2015, for the biennium ending June 30, 2017, is decreased by $300,000 for judicial compensation.

(2) Notwithstanding any other provision of law, the General Fund appropriation made to the Judicial Department by section 1 (3), chapter 691, Oregon Laws 2015, for the biennium ending June 30, 2017, is increased by $300,000 for mandated payments.

(3) Notwithstanding any other provision of law, the General Fund appropriation made to the Judicial Department by section 1 (6), chapter 691, Oregon Laws 2015, for the biennium ending June 30, 2017, is increased by $2,340,000 for third-party debt collection.

SECTION 3. Notwithstanding any other provision of law, the General Fund appropriation made to the Public Defense Services Commission by section 1 (2), chapter 615, Oregon Laws 2015, for the biennium ending June 30, 2017, is increased by $9,000,000 for professional services.

SECTION 4. Notwithstanding any other law limiting expenditures, the limitation on expenditures established by section 1 (1), chapter 600, Oregon Laws 2015, for the biennium ending June 30, 2017, as the maximum limit for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by the Oregon Liquor Control Commission, for administrative expenses, is increased by $800,000 for bank card fees.
Enrolled Senate Bill 5508 (SB 5508-A) Page 1

SECTION 5. Notwithstanding any other law limiting expenditures, the limitation on expenditures established by section 1 (2), chapter 600, Oregon Laws 2015, for the biennium ending June 30, 2017, as the maximum limit for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by the Oregon Liquor Control Commission, is increased by $3,200,000 for agents' compensation.

****

SECTION 44. This 2017 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2017 Act takes effect on its passage.

Passed by Senate March 9, 2017

.....

Lori L. Brocker, Secretary of Senate

.....

Peter Courtney, President of Senate
Passed by House March 21, 2017

.....

Tina Kotek, Speaker of House

Received by Governor:

.....M.,....., 2017

Approved:

.....M.,....., 2017

.....

Kate Brown, Governor

Filed in Office of Secretary of State:

.....M.,....., 2017

.....

Dennis Richardson, Secretary of State

Enrolled Senate Bill 5508 (SB 5508-A) Page 9

79th OREGON LEGISLATIVE ASSEMBLY--2018 Regular Session

Enrolled

House Bill 5201

Sponsored by JOINT COMMITTEE ON WAYS AND MEANS

CHAPTER .....

AN ACT

Relating to state financial administration; creating new provisions; amending section 1, chapter 594, Oregon Laws 2017; repealing section 1, chapter 589, Oregon Laws 2017, section 2, chapter 594, Oregon Laws 2017, and section 21, chapter 655, Oregon Laws 2017; and declaring an emergency.

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

SECTION 1. Notwithstanding any other law limiting expenditures, the limitation on expenditures established by section 3, chapter 562, Oregon Laws 2017, for the biennium ending June 30, 2019, as the maximum limit for payments of expenses from lottery moneys allocated from the Parks and Natural Resources Fund to the State Department of Agriculture for the Oregon Plan, is increased by $846,821 for invasive pest eradication activities.

SECTION 114. (1) Notwithstanding any other law limiting expenditures, the limitation on expenditures established by section 1 (1), chapter 578, Oregon Laws 2017, for the biennium ending June 30, 2019, as the maximum limit for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by the Oregon Liquor Control Commission, for administrative expenses, is increased by $677,175 for information technology improvements, management and oversight.

(2) Notwithstanding any other law limiting expenditures, the limitation on expenditures established by section 1 (2), chapter 578, Oregon Laws 2017, for the biennium ending June 30, 2019, as the maximum limit for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by the Oregon Liquor Control Commission, for marijuana regulation, is increased by $3,631,786 for expenses related to the regulation of marijuana.

Enrolled House Bill 5201 (HB 5201-A) Page 20

Oregon Liquor Control
Commission:
Other Funds Ch. 578 1(1) +1,360,597
Other Funds Ch. 578 1(2) +347,431

Department of Revenue:
General Fund Ch. 601 1(1) +931,793
General Fund Ch. 601 1(2) +339,034
General Fund Ch. 601 1(3) +2,292,740
General Fund Ch. 601 1(4) +542,704
Other Funds Ch. 601 2(1) +126,635
Other Funds Ch. 601 2(3) +43,868
Other Funds Ch. 601 2(4) +538,002
Other Funds Ch. 601 2(5) +109,015
Other Funds Ch. 601 2(7) +26,986

Employment Relations Board:
General Fund Ch. 507 1 +64,945

Enrolled House Bill 5201 (HB 5201-A) Page 33

79th OREGON LEGISLATIVE ASSEMBLY--2018 Regular Session
Enrolled

Senate Bill 1544

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with presession filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Senate Interim Committee on Judiciary)

CHAPTER .....

AN ACT

Relating to marijuana; creating new provisions; amending ORS 305.260, 475B.109, 475B.136, 475B.139, 475B.227, 475B.630, 475B.813, 475B.831, 475B.864 and 475B.895 and sections 4 and 5, chapter 613, Oregon Laws 2017; and prescribing an effective date.

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

MARIJUANA TAXATION

SECTION 1. ORS 305.620 is amended to read:

305.620. (1)(a) Any state agency or department may enter into agreements with any political subdivision of this state for the collection, enforcement, administration and distribution of local taxes of the political subdivision imposed upon or measured by gross or net income, wages or net earnings from self-employment, local general sales and use taxes, local transient lodging taxes or taxes imposed under ORS 475B.491.

(b) Notwithstanding ORS 314.835, a local government may disclose payment distribution amounts made pursuant to an agreement under this subsection to collect taxes imposed under ORS 475B.491.

(2) The department or agency shall prescribe the rules by which the agreements entered into under subsection (1) of this section are administered.

(3) The department or agency shall prescribe the rules by which the taxes described by subsection (1) of this section are administered, collected, enforced and distributed.

(4) A political subdivision may appear as an intervenor at any conference held by the Department of Revenue or conference, hearing or proceeding held by another department or agency in

connection with a local tax administered by the department or agency. The political subdivision may be represented by its own counsel. The department or agency shall adopt rules governing the procedures to be followed by the political subdivision in making an appearance.

(5) Costs incurred by the department or agency in the administration, enforcement, collection and distribution of taxes under the agreements entered into under subsection (1) of this section shall be first deducted from the taxes collected before distribution is made to the political subdivision which is a party to the agreement.

(6) The Oregon Tax Court shall have exclusive jurisdiction to review determinations of the Department of Revenue or orders of another department or agency relating to the collection, enforce-

Enrolled Senate Bill 1544 (SB 1544-B) Page 1

ment, administration and distribution of local taxes under agreements entered into under subsection (1) of this section.

(7) A proceeding for refund or to set aside additional taxes or taxes assessed when no return was filed may be initiated before the state agency or department.

(8) An appeal from a determination or an order may be taken by the taxpayer or by the political subdivision whose taxes are in issue, by filing a complaint with the clerk of the Oregon Tax Court at its principal office in Salem, Oregon, within 60 days after the notice of the determination of the Department of Revenue or the order of the department or agency is sent to the taxpayer or the political subdivision. The filing of the complaint in the Oregon Tax Court shall constitute perfection of the appeal. Service of the taxpayer's complaint shall be accomplished by the clerk of the tax court by filing a copy of the complaint with the administrative head of the department or agency and a copy with the political subdivision. Service of the political subdivision's complaint shall be accomplished by the clerk of the tax court by filing a copy of the complaint with the administrative head of the department or agency and mailing a copy of the complaint to the taxpayer. The complaint of a taxpayer shall be entitled in the name of the person filing as plaintiff and the department or agency as defendant. The complaint of a political subdivision shall be entitled in the name of the political subdivision as plaintiff and the taxpayer and the department or agency as defendants. A copy of the order of the department or agency shall be attached to the complaint. All procedures shall be in accordance with ORS 305.405 to 305.494.

MARIJUANA GROW SITES AND PLANTS

SECTION 2. ORS 475B.136 is amended to read:

475B.136. (1) To produce marijuana for medical purposes, a marijuana producer that holds a license issued under ORS 475B.070 must register with the Oregon Liquor Control Commission under this section.

(2) The commission shall register a marijuana producer for the purpose of producing marijuana for medical purposes if the marijuana producer:

(a) Holds a license issued under ORS 475B.070;
(b) Meets any qualifications adopted by the commission by rule;
(c) Applies to the commission in a form and manner prescribed by the commission; and
(d) Pays any fee adopted by the commission by rule.
(3) Subject to subsection (4) of this section, a marijuana producer registered under this section may produce marijuana plants on a medically designated grow canopy in addition to producing marijuana plants on the grow canopy allowed under rules adopted under ORS 475B.085. The commission shall specify the size of medically designated grow canopies by rule, provided that the size of any medically designated grow canopy does not exceed 10 percent of the total size of both the medically designated grow canopy and the grow canopy allowed under rules adopted under ORS 475B.085 at the time that the marijuana producer applies for registration under this section.
(4) A marijuana producer registered under this section must provide, for no consideration, at least 75 percent of the annual yield of usable marijuana harvested from the marijuana producer's medically designated grow canopy to registry identification cardholders and designated primary caregivers.
(5) A marijuana producer registered under this section may not, during a single transaction, provide a registry identification cardholder or the designated primary caregiver of a registry identification cardholder an amount of usable marijuana that exceeds the amount of usable marijuana that a registry identification cardholder and a designated primary caregiver may jointly possess under ORS 475B.834.
(6) A marijuana producer registered under this section may provide immature marijuana plants to a person responsible for a marijuana grow site registered under ORS 475B.810, a registry identification cardholder or a designated primary caregiver of a registry identification cardholder.
Enrolled Senate Bill 1544 (SB 1544-B) Page 2
[*(6)(a)*] (7)(a) The commission shall adopt rules necessary to administer this section.
(b) The rules must establish sanctions for failure to meet the requirements of this section or a rule adopted under this section, including revocation of permission for the marijuana producer's medically designated grow canopy.
(c) The rules must provide that any fee adopted by the commission under subsection (2)(d) of this section be in an amount reasonably calculated to not exceed, together with other fees collected under ORS 475B.010 to 475B.545, the cost of administering ORS 475B.010 to 475B.545.
SECTION 3. ORS 475B.139 is amended to read:
475B.139. (1) To process marijuana for medical purposes, a marijuana processor that holds a license issued under ORS 475B.090 must register with the Oregon Liquor Control Commission under this section.

(2) The commission shall register a marijuana processor for the purpose of processing marijuana for medical purposes if the marijuana processor:
(a) Holds a license issued under ORS 475B.090;
(b) Meets any qualifications adopted by the commission by rule;
(c) Applies to the commission in a form and manner prescribed by the commission; and
(d) Pays any fee adopted by the commission by rule.
(3) A marijuana processor registered under this section may:
(a) Process marijuana and usable marijuana into medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts; and
(b) Notwithstanding ORS 475B.206, receive marijuana and usable marijuana from, and for a fee process that marijuana and usable marijuana into cannabinoid products, cannabinoid concentrates and cannabinoid extracts for, a registry identification cardholder or the designated primary caregiver of a registry identification cardholder, provided that the cannabinoid products, cannabinoid concentrates and cannabinoid extracts meet the requirements of ORS 475B.550 to 475B.590 and the concentration standards adopted under ORS 475B.625.
(4)(a) The commission shall adopt rules necessary to administer this section.
(b) The rules must provide that any fee adopted by the commission under subsection (2)(d) of this section be in an amount reasonably calculated to not exceed, together with other fees collected under ORS 475B.010 to 475B.545, the cost of administering ORS 475B.010 to 475B.545.
SECTION 4. ORS 475B.630 is amended to read:
475B.630. (1) ORS 475B.600 to 475B.655 do not apply to:
[*(1)*] (a) A person responsible for a marijuana grow site under ORS 475B.810 if the person is transferring usable marijuana or an immature marijuana plant, as defined in ORS 475B.015, to:
[*(a)*] (A) A person who holds a registry identification card under ORS 475B.797 and who designated the person responsible for the marijuana grow site to grow marijuana for the person who holds a registry identification card; or
[*(b)*] (B) A person who has been designated as the primary caregiver under ORS 475B.804 of a person who holds a registry identification card under ORS 475B.797, and who designated the person responsible for the marijuana grow site to grow marijuana for the person who holds a registry identification card; or
[*(2)*] (b) A person who has been designated as the primary caregiver under ORS 475B.804 of a person who holds a registry identification card under ORS 475B.797 if the person is transferring a marijuana item to the person who holds a registry identification card.
(2) The labeling and packaging requirements and standards of ORS 475B.600 to 475B.655 do not apply to a marijuana processor registered under ORS 475B.139 when the marijuana processor receives marijuana and usable marijuana from, and for a fee processes that

marijuana and usable marijuana into cannabinoid products, cannabinoid concentrates and cannabinoid extracts for, a registry identification cardholder or the designated primary caregiver of a registry identification cardholder.

SECTION 5. ORS 475B.813 is amended to read:

Enrolled Senate Bill 1544 (SB 1544-B) Page 3

475B.813. (1) For purposes of ORS 475B.785 to 475B.949, [*the following forms of evidence shall be sufficient to establish the address where a marijuana grow site is located:*]

[*(a) A tax lot number;*]

[*(b) An assessor's map number with a map attached, showing the exact location of the marijuana grow site; or*]

[*(c) The exact location of the marijuana grow site using one or more of the following:*] if a marijuana grow site has a physical United States Postal Service address, an application filed for a marijuana grow site registration card under ORS 475B.810 must include the physical address. If the grow site does not have a physical United States Postal Service address, the application must include:

(a) An assessor's map number with a map showing the exact location of the grow site;

(b) The name of the city or, if outside of a city, the name of the county in which the grow site is located;

(c) The zip code for the location; and

(d) One or more of the following for the location:

(A) Longitude and latitude coordinates;

(B) Township coordinates; [*or*]

(C) Global positioning system coordinates[.]; or

(D) The tax lot number.

(2) For purposes of ORS 475B.810, the Oregon Health Authority shall accept the forms of evidence described in subsection (1) of this section for the purpose of establishing the address where a marijuana grow site is located.

SECTION 6. ORS 475B.831 is amended to read:

475B.831. (1)(a) A registry identification cardholder and the designated primary caregiver of the registry identification cardholder may jointly possess:

(A) Six or fewer mature marijuana plants; and

(B) Twelve or fewer immature marijuana plants.

(b)(A) Unless an address is the marijuana grow site of a person designated to produce marijuana by a registry identification cardholder, the address where a registry identification cardholder or the primary caregiver of a registry identification cardholder produces marijuana may be used to produce not more than:

(i) Six or fewer mature marijuana plants per registry identification cardholder, up to 12 mature marijuana plants; and

(ii) Twelve or fewer immature marijuana plants per registry identification cardholder, up to 24 immature marijuana plants.

(B) Except as provided in subparagraph (C) of this paragraph, an address that is subject to this paragraph may not be used to produce marijuana plants pursuant to ORS 475B.301.

(C) Subject to subparagraph (D) of this paragraph, an address that is subject to this paragraph may be used to produce marijuana plants pursuant to ORS 475B.301 if a person other than a registry identification cardholder who is using the address to produce marijuana plants pursuant to ORS 475B.785 to 475B.949 resides at the address.

(D) An address that is subject to this paragraph may not be used to produce more than 12 total mature marijuana plants.

(2)(a) A person may be designated to produce marijuana under ORS 475B.810 by no more than [*four*] eight registry identification cardholders.

[*(b) A person who is designated to produce marijuana by a registry identification cardholder may produce no more than six mature marijuana plants and no more than 12 immature marijuana plants that are 24 inches or more in height for a registry identification cardholder who designates the person to produce marijuana.*]

(b) A person responsible for a marijuana grow site may produce for a registry identification cardholder who designates the person to produce marijuana no more than:

(A) Six mature marijuana plants;

Enrolled Senate Bill 1544 (SB 1544-B) Page 4

(B) 12 immature marijuana plants that are 24 inches or more in height; and

(C) The amount, established by the Oregon Health Authority by rule, of immature marijuana plants that are less than 24 inches in height.

(3) If the address of a person responsible for a marijuana grow site registered under ORS 475B.810 is located within city limits in an area zoned for residential use:

(a) Except as provided in paragraph (b) of this subsection, no more than the following amounts of marijuana plants may be produced at the address:

(A) 12 mature marijuana plants [*and no more than*];

(B) 24 immature marijuana plants that are 24 inches or more in height [*may be produced at the address; or*]; and

(C) The amount, established by the authority by rule, of immature marijuana plants that are less than 24 inches in height; or

(b) Subject to subsection (5) of this section, if each person responsible for a marijuana grow site located at the address first registered with the [*Oregon Health*] authority under ORS 475B.810 before

January 1, 2015[*:*],
[*(A)*] no more than the following amounts of marijuana plants may be produced at the address:
(A) The amount of mature marijuana plants located at that address on December 31, 2014, in excess of 12 mature marijuana plants, not to exceed 24 mature marijuana plants[*, may be produced at the address; and*];
(B) [*No more than*] 48 immature marijuana plants that are 24 inches or more in height [*may be produced at the address.*]; and
(C) The amount, established by the authority by rule, of immature marijuana plants that are less than 24 inches in height.
(4) If the address of a person responsible for a marijuana grow site registered under ORS 475B.810 is located in an area other than an area described in subsection (3) of this section:
(a) Except as provided in paragraph (b) of this subsection, no more than the following amounts of marijuana plants may be produced at the address:
(A) 48 mature marijuana plants [*and no more than*];
(B) 96 immature marijuana plants that are 24 inches or more in height [*may be produced at the address; or*]; and
(C) The amount, established by the authority by rule, of immature marijuana plants that are less than 24 inches in height; or
(b) Subject to subsections (5) and (6) of this section, if each person responsible for a marijuana grow site located at the address first registered with the authority under ORS 475B.810 before January 1, 2015[*:*],
[*(A)*] no more than the following amounts of marijuana plants may be produced at the address:
(A) The amount of mature marijuana plants located at that address on December 31, 2014, in excess of 48 mature marijuana plants, not to exceed 96 mature marijuana plants[*, may be produced at the address; and*];
(B) [*No more than*] 192 immature marijuana plants that are 24 inches or more in height [*may be produced at the address.*]; and
(C) The amount, established by the authority by rule, of immature marijuana plants that are less than 24 inches in height.
[*(5) If the authority suspends or revokes the registration of a person responsible for a marijuana grow site that is located at an address described in subsection (3)(b) or (4)(b) of this section:*]
[*(a) No more than 12 mature marijuana plants and no more than 24 immature marijuana plants that are 24 inches or more in height may be subsequently produced at any address described in subsection (3) of this section at which the person responsible for that marijuana grow site produces marijuana.*]
Enrolled Senate Bill 1544 (SB 1544-B) Page 5

[*(b) No more than 48 mature marijuana plants and no more than 96 immature marijuana plants that are 24 or more inches in height may be subsequently produced at any address described in Subsection (4) of this section at which the person responsible for that marijuana grow site produces marijuana.*]

(5)(a) If the authority suspends or revokes the registration of a person responsible for a marijuana grow site that is located at an address described in subsection (3)(b) of this section, no more than the following amounts of marijuana plants may subsequently be produced at any address described in subsection (3) of this section at which the person responsible for the marijuana grow site produces marijuana:

(A) 12 mature marijuana plants;

(B) 24 immature marijuana plants that are 24 inches or more in height; and

(C) The amount, established by the authority by rule, of immature marijuana plants that are less than 24 inches in height.

(b) If the authority suspends or revokes the registration of a person responsible for a marijuana grow site that is located at an address described in subsection (4)(b) of this section, no more than the following amounts of marijuana plants may subsequently be produced at any address described in subsection (4) of this section at which the person responsible for the marijuana grow site produces marijuana:

(A) 48 mature marijuana plants;

(B) 96 immature marijuana plants that are 24 inches or more in height; and

(C) The amount, established by the authority by rule, of immature marijuana plants that are less than 24 inches in height.

(6) If a registry identification cardholder who designated a person to produce marijuana for the registry identification cardholder pursuant to ORS 475B.810 terminates the designation, the person responsible for the marijuana grow site whose designation has been terminated may not be designated to produce marijuana by another registry identification cardholder, except that the person may be designated by another registry identification cardholder if no more than 48 mature marijuana plants and no more than 96 immature marijuana plants that are 24 or more inches in height are produced at the address for the marijuana grow site at which the person produces marijuana.

(7) Subject to the limits described in subsections (2) to (6) of this section, if multiple persons responsible for a marijuana grow site under ORS 475B.810 are located at the same address, the persons designated to produce marijuana by registry identification cardholders who are located at that address may collectively produce marijuana plants for any number of registry identification cardholders who designate the persons to produce marijuana.

(8) If a law enforcement officer determines that there is a number of marijuana plants at an

address in excess of the quantities specified in this section, or that an address is being used to produce a number of marijuana plants in excess of the quantities specified in subsection (1)(b) of this section, the law enforcement officer may confiscate only the excess number of marijuana plants.

SECTION 7. ORS 475B.895 is amended to read:

475B.895. (1) The Oregon Health Authority shall enter into an agreement with the Oregon Liquor Control Commission under which the commission shall use the system developed and maintained under ORS 475B.177 to track:

(a) The propagation of immature marijuana plants and the production of marijuana by marijuana grow sites;

(b) The processing of marijuana into medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts that are transferred to a medical marijuana dispensary;

(c) The transfer of usable marijuana, immature marijuana plants, medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts by a marijuana grow site or a medical marijuana dispensary to a registry identification cardholder or the designated primary caregiver of a registry identification cardholder; and

Enrolled Senate Bill 1544 (SB 1544-B) Page 6

(d) The transfer of usable marijuana, immature marijuana plants, medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts between marijuana grow sites, marijuana processing sites and medical marijuana dispensaries.

(2) Marijuana grow sites, marijuana processing sites, medical marijuana dispensaries and any other person that processes marijuana into medical cannabinoid products and cannabinoid concentrates for the purpose of transferring the medical cannabinoid products and cannabinoid concentrates to a medical marijuana dispensary are subject to tracking under this section.

(3) On and after the date on which a marijuana grow site becomes subject to tracking under this section, the person is exempt from the requirements of ORS 475B.816 and the provisions of ORS 475B.810 that relate to ORS 475B.816.

(4) On and after the date on which a marijuana processing site becomes subject to tracking under this section, the marijuana processing site is exempt from the requirements of ORS 475B.846 and the provisions of ORS 475B.840 that relate to ORS 475B.846.

(5) On and after the date on which a medical marijuana dispensary becomes subject to tracking under this section, the medical marijuana dispensary is exempt from the requirements of ORS 475B.867 and the provisions of ORS 475B.858 that relate to ORS 475B.867.

(6) The commission may conduct inspections and investigations of alleged violations of ORS 475B.785 to 475B.949 about which the commission obtains knowledge as a result of performing the commission's duties under this section. Notwithstanding ORS 475B.299, the commission may use regulatory specialists, as defined in ORS 471.001, to conduct the inspections and investigations, including

inspections and investigations of marijuana grow sites located at a primary residence.

[*(7) Notwithstanding ORS 475B.759, before making any other distribution from the Oregon Marijuana Account established under ORS 475B.759, the Department of Revenue shall first distribute moneys quarterly from the account to the commission for deposit in the Marijuana Control and Regulation Fund established under ORS 475B.296 for purposes of paying administrative, inspection and investigatory costs incurred by the commission under this section, provided that the amount of distributed moneys does not exceed $1.25 million per quarter. For purposes of estimating the amount of moneys necessary to pay costs incurred under this section, the commission shall establish a formulary based on expected costs for each marijuana grow site, marijuana processing site or medical marijuana dispensary that is tracked under this section. The commission shall provide to the Department of Revenue and the Legislative Fiscal Officer before each quarter the estimated amount of moneys necessary to pay costs expected to be incurred under this section and the formulary.*]

[*(8)*] (7) When imposing a fee on a person responsible for a marijuana grow site, marijuana processing site or medical marijuana dispensary under ORS 475B.810, 475B.840 or 475B.858, the authority shall impose [*an additional*] a fee that is reasonably calculated to pay costs incurred under this section [*other than costs paid pursuant to subsection (7) of this section*]. As part of the agreement entered into under subsection (1) of this section, the authority shall transfer fee moneys collected pursuant to this subsection to the commission for deposit in the Marijuana Control and Regulation Fund established under ORS 475B.296. Moneys collected pursuant to this subsection and deposited in the Marijuana Control and Regulation Fund are continuously appropriated to the commission for purposes of this section.

[*(9)*] (8) The authority and the commission may adopt rules as necessary to administer this section.

[*(10)*] (9) This section does not apply to a marijuana grow site located at an address where:

(a) A registry identification cardholder produces marijuana and no more than 12 mature marijuana plants and 24 immature marijuana plants are produced [*at the address*]; or

(b)(A) No more than two persons are registered under ORS 475B.810 to produce marijuana; and

(B) The address is used to produce marijuana for no more than two registry identification cardholders.

SECTION 7a. ORS 475B.895, as amended by section 7 of this 2018 Act, is amended to read:

Enrolled Senate Bill 1544 (SB 1544-B) Page 7

475B.895. (1) The Oregon Health Authority shall enter into an agreement with the Oregon Liquor Control Commission under which the commission shall use the system developed and maintained under ORS 475B.177 to track:

(a) The propagation of immature marijuana plants and the production of marijuana by marijuana grow sites;

(b) The processing of marijuana into medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts that are transferred to a medical marijuana dispensary;
(c) The transfer of usable marijuana, immature marijuana plants, medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts by a marijuana grow site or a medical marijuana dispensary to a registry identification cardholder or the designated primary caregiver of a registry identification cardholder; and
(d) The transfer of usable marijuana, immature marijuana plants, medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts between marijuana grow sites, marijuana processing sites and medical marijuana dispensaries.
(2) Marijuana grow sites, marijuana processing sites, medical marijuana dispensaries and any other person that processes marijuana into medical cannabinoid products and cannabinoid concentrates for the purpose of transferring the medical cannabinoid products and cannabinoid concentrates to a medical marijuana dispensary are subject to tracking under this section.
(3) On and after the date on which a marijuana grow site becomes subject to tracking under this section, the person is exempt from the requirements of ORS 475B.816 and the provisions of ORS 475B.810 that relate to ORS 475B.816.
(4) On and after the date on which a marijuana processing site becomes subject to tracking under this section, the marijuana processing site is exempt from the requirements of ORS 475B.846 and the provisions of ORS 475B.840 that relate to ORS 475B.846.
(5) On and after the date on which a medical marijuana dispensary becomes subject to tracking under this section, the medical marijuana dispensary is exempt from the requirements of ORS 475B.867 and the provisions of ORS 475B.858 that relate to ORS 475B.867.
(6) The commission may conduct inspections and investigations of alleged violations of ORS 475B.785 to 475B.949 about which the commission obtains knowledge as a result of performing the commission's duties under this section. Notwithstanding ORS 475B.299, the commission may use regulatory specialists, as defined in ORS 471.001, to conduct the inspections and investigations, including inspections and investigations of marijuana grow sites located at a primary residence.
(7) Notwithstanding ORS 475B.759, before making any other distribution from the Oregon Marijuana Account established under ORS 475B.759, the Department of Revenue shall first distribute moneys quarterly from the account to the commission for deposit in the Marijuana Control and Regulation Fund established under ORS 475B.296 for purposes of paying administrative, inspection and investigatory costs incurred by the commission under this section, provided that the amount of distributed moneys does not exceed $1.25 million per quarter. For purposes of estimating the amount of moneys necessary to pay costs incurred under this section, the commission shall establish a formulary based on expected costs for each marijuana grow site, marijuana processing site or medical marijuana dispensary that is

tracked under this section. The commission shall provide to the Department of Revenue and the Legislative Fiscal Officer before each quarter the estimated amount of moneys necessary to pay costs expected to be incurred under this section and the formulary.

[*(7)*] (8) When imposing a fee on a person responsible for a marijuana grow site, marijuana processing site or medical marijuana dispensary under ORS 475B.810, 475B.840 or 475B.858, the authority shall impose [*a*] an additional fee that is reasonably calculated to pay costs incurred under this section other than costs paid pursuant to subsection (7) of this section. As part of the agreement entered into under subsection (1) of this section, the authority shall transfer fee moneys collected pursuant to this subsection to the commission for deposit in the Marijuana Control and Regulation Fund established under ORS 475B.296. Moneys collected pursuant to this subsection and

Enrolled Senate Bill 1544 (SB 1544-B) Page 8

deposited in the Marijuana Control and Regulation Fund are continuously appropriated to the commission for purposes of this section.

[*(8)*] (9) The authority and the commission may adopt rules as necessary to administer this section.

[*(9)*] (10) This section does not apply to a marijuana grow site located at an address where:

(a) A registry identification cardholder produces marijuana and no more than 12 mature marijuana plants and 24 immature marijuana plants are produced; or

(b)(A) No more than two persons are registered under ORS 475B.810 to produce marijuana; and

(B) The address is used to produce marijuana for no more than two registry identification cardholders.

SECTION 8. The fact that a marijuana grow site registered under ORS 475B.810 is subject to the provisions of ORS 475B.895 does not, by itself, mean that the marijuana grow site is a commercial operation for purposes of state law.

OREGON CANNABIS COMMISSION

SECTION 9. Section 4, chapter 613, Oregon Laws 2017, is amended to read:

Sec. 4. (1) As soon as practicable after [*the effective date of this 2017 Act*] August 2, 2017, the Oregon Cannabis Commission shall determine:

(a) A possible framework for the future governance of the Oregon Medical Marijuana Program, including:

(A) Proper oversight and regulation of each of the following:

(i) Registry identification cardholders and designated primary caregivers, as those terms are defined in ORS 475B.410;

(ii) Attending physicians, as defined in ORS 475B.410;

(iii) Marijuana grow sites, as defined in ORS 475B.410;

(iv) Marijuana processing sites, as defined in ORS 475B.410; and

(v) Medical marijuana dispensaries, as defined in ORS 475B.410;

(B) Necessary amendments to the laws of the state pertaining to cannabis, including any necessary amendments to ORS 475B.010 to 475B.395 and 475B.400 to 475B.525; and

(C) The future role of the commission with respect to the possible framework.

(b) Steps that the state must take, whether administrative or legislative in nature, to ensure that research on cannabis and cannabis-derived products is being conducted for public purposes, including the advancement of:

(A) Public health policy and public safety policy;

(B) Agronomic and horticultural best practices; and

(C) Medical and pharmacopoeia best practices.

(2) In determining the possible framework for the future governance of the Oregon Medical Marijuana Program under subsection (1)(a) of this section, the commission shall consider:

(a) Potential factors that could prevent access to cannabis for medical use;

(b) Potential laws and rules that will facilitate access to cannabis for medical use; and

(c) The impact of federal laws, regulations and policies on the possible framework.

(3) On or before [*December 15, 2017*] February 1, 2019, the commission shall submit a report in the manner prescribed by ORS 192.245 to the interim committees of the Legislative Assembly related to health and judiciary on the findings and determinations made by the commission under subsection (1) of this section. As part of the report, the commission may make recommendations for legislation.

(4) For purposes of making recommendations for legislation under subsection (3) of this section, after [*the effective date of this 2017 Act*] August 2, 2017, and on or before [*December 15, 2017*] February 1, 2019, the commission may request an interim committee of the Legislative Assembly related to health or judiciary to direct the Legislative Counsel to prepare legislative concepts for the commission's consideration.

SECTION 10. Section 5, chapter 613, Oregon Laws 2017, is amended to read:

Enrolled Senate Bill 1544 (SB 1544-B) Page 9

Sec. 5. Section 4 [*of this 2017 Act*], chapter 613, Oregon Laws 2017, is repealed on [*July 1, 2018*] January 2, 2020.

PROXIMITY TO SCHOOLS

SECTION 11. ORS 475B.109 is amended to read:

475B.109. Notwithstanding ORS 475B.105 (2)(d), a marijuana retailer may be located within 1,000 feet of a school if:

(1)(a) The marijuana retailer is not located within 500 feet of:

[*(a)*] (A) A public elementary or secondary school for which attendance is compulsory under ORS 339.020; or

[*(b)*] (B) A private or parochial elementary or secondary school, teaching children as described in ORS 339.030 (1)(a); and

[*(2)*] (b) The Oregon Liquor Control Commission determines that there is a physical or geographic barrier capable of preventing children from traversing to the premises of the marijuana retailer[.]; or

(2) The marijuana retailer was established before August 1, 2017, in accordance with a city or county ordinance adopted under section 29b, chapter 83, Oregon Laws 2016.

SECTION 12. ORS 475B.864 is amended to read:

475B.864. Notwithstanding ORS 475B.858 (3)(d), a medical marijuana dispensary may be located within 1,000 feet of a school if:

(1)(a) The medical marijuana dispensary is not located within 500 feet of:

[*(a)*] (A) A public elementary or secondary school for which attendance is compulsory under ORS 339.020; or

[*(b)*] (B) A private or parochial elementary or secondary school, teaching children as described in ORS 339.030 (1)(a); and

[*(2)*] (b) The Oregon [*Liquor Control Commission*] Health Authority determines that there is a physical or geographic barrier capable of preventing children from traversing to the premises of the medical marijuana dispensary[.]; or

(2) The medical marijuana dispensary was established before August 1, 2017, in accordance with a city or county ordinance adopted under section 29, chapter 83, Oregon Laws 2016.

ILLEGAL MARIJUANA MARKET ENFORCEMENT
GRANT PROGRAM

SECTION 13. (1) The Illegal Marijuana Market Enforcement Grant Program is established to assist cities and counties with the costs incurred by local law enforcement agencies in addressing unlawful marijuana cultivation or distribution operations.

(2) The Oregon Criminal Justice Commission shall administer the grant program described in subsection (1) of this section and shall award the grants described in this section.

(3) The commission shall adopt rules to administer the grant program. Rules adopted under this section must include:

(a) A methodology for reviewing and approving grant applications and awarding grants; and

(b) A process for evaluating the efficacy of local law enforcement programs and services funded by the grant program.

(4) Moneys distributed to grant recipients under this section must be spent on costs associated with addressing and prosecuting unlawful marijuana cultivation or distribution operations.

(5) The commission shall prioritize the following when awarding grants under this section:

(a) Providing financial assistance to local law enforcement agencies and district attorneys

in rural areas of this state to address unlawful marijuana cultivation or distribution operations;

(b) Supporting local law enforcement agencies and district attorneys in investigating and prosecuting large-scale unlawful marijuana cultivation or distribution operations;

(c) Providing financial assistance to local law enforcement agencies and district attorneys in the investigation and prosecution of organized crime involved in unlawful marijuana cultivation or distribution operations; and

(d) Providing financial assistance to local law enforcement agencies and district attorneys in the investigation and prosecution of unlawful marijuana cultivation or distribution operations that divert marijuana outside of this state.

SECTION 14. Not later than January 1, 2020, and not later than January 1 each year thereafter, the Oregon Criminal Justice Commission shall submit a report in the manner provided in ORS 192.245 on the status and effectiveness of the Illegal Marijuana Market Enforcement Grant Program established under section 13 of this 2018 Act to the interim committees of the Legislative Assembly related to the judiciary.

SECTION 15. The Illegal Marijuana Market Enforcement Grant Program Fund is established in the State Treasury separate and distinct from the General Fund. Moneys in the Illegal Marijuana Market Enforcement Grant Program Fund are continuously appropriated to the Oregon Criminal Justice Commission for the purposes of carrying out the provisions of section 13 of this 2018 Act. Interest earned by the fund shall be credited to the fund.

SECTION 16. (1) Notwithstanding ORS 475B.759, before making any other distribution from the Oregon Marijuana Account established under ORS 475B.759, the Department of Revenue shall first distribute quarterly from the account the following:

(a) $875,000 to the Oregon Liquor Control Commission for deposit in the Marijuana Control and Regulation Fund established under ORS 475B.296; and

(b) $375,000 to the Oregon Criminal Justice Commission for deposit into the Illegal Marijuana Market Enforcement Grant Program Fund established under section 15 of this 2018 Act for the purposes of paying the costs incurred by the commission in carrying out the provisions of section 13 of this 2018 Act.

(2) The final distribution made under subsection (1) of this section shall be made in the fiscal quarter beginning on October 1, 2023.

SECTION 17. Any balance in the Illegal Marijuana Market Enforcement Grant Program Fund that is unexpended and unobligated on the date of repeal of section 15 of this 2018 Act, and all moneys that would have been deposited in the Illegal Marijuana Market Enforcement Grant Program Fund had section 15 of this 2018 Act remained in effect, shall be transferred to and deposited in the Marijuana Control and Regulation Fund, and are appropriated for

expenditure as in the case of other moneys in the Marijuana Control and Regulation Fund.
INDUSTRIAL HEMP PRODUCTS AND COMMODITIES
SECTION 18. Sections 19 and 20 of this 2018 Act are added to and made a part of ORS 475B.010 to 475B.545.
SECTION 19. (1) As used in this section, "industrial hemp" has the meaning given that term in ORS 571.300.
(2) An industrial hemp product or commodity offered for sale by a marijuana retailer that holds a license issued under ORS 475B.105 must carry a label that clearly identifies whether the product or commodity is derived from hemp or marijuana.
(3) The Oregon Liquor Control Commission may inspect the premises of a marijuana retailer that holds a license issued under ORS 475B.105 to ensure compliance with this section.
SECTION 20. (1) As used in this section:
Enrolled Senate Bill 1544 (SB 1544-B) Page 11
(a) "Consumer" means a person who purchases, acquires, owns, holds or uses marijuana items other than for the purpose of resale.
(b) "Marijuana item" includes industrial hemp products and commodities that contain more than 0.3 percent tetrahydrocannabinol.
(2) A person other than a marijuana retailer that holds a license issued under ORS 475B.105 may not sell marijuana items to a consumer.
SECTION 21. ORS 475B.227 is amended to read:
475B.227. (1) For purposes of this section[,]:
(a) "Export" includes placing a marijuana item in any mode of transportation for hire, such as luggage, mail or parcel delivery, even if the transportation of the marijuana item is intercepted prior to the marijuana item leaving this state.
(b) "Marijuana item" includes industrial hemp products and commodities that contain more than 0.3 percent tetrahydrocannabinol.
(2) A person may not import marijuana items into this state or export marijuana items from this state.
(3) Except as provided in subsection (4) of this section, a violation of this section is a Class B violation.
(4) A violation of this section is a:
(a) Class A misdemeanor, if the importation or exportation:
(A) Is not for consideration and the person holds a license issued under ORS 475B.070, 475B.090, 475B.100 or 475B.105; or
(B) Concerns an amount of marijuana items that exceeds the applicable maximum amount specified in ORS 475B.337 (1)(a) to (f).

(b) Class C felony, if the importation or exportation:
(A) Is for consideration and the person holds a license issued under ORS 475B.070, 475B.090, 475B.100 or 475B.105;
(B) Concerns an amount of marijuana items that exceeds 16 times the applicable maximum amount specified in ORS 475B.337 (1)(a) to (f); or
(C) Concerns a cannabinoid extract that was not purchased from a marijuana retailer that holds a license issued under ORS 475B.105.

UNIT CAPTIONS

SECTION 22. The unit captions used in this 2018 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 2018 Act.

EXPENDITURE LIMITATIONS

SECTION 23. Notwithstanding any other law limiting expenditures, the limitation on expenditures established by section 2, chapter 505, Oregon Laws 2017, for the biennium ending June 30, 2019, as the maximum limit for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by the Oregon Criminal Justice Commission, is increased by $1,500,000 to administer the Illegal Marijuana Market Enforcement Grant Program established in section 13 of this 2018 Act.

SECTION 24. Notwithstanding any other law limiting expenditures, the limitation on expenditures established by section 1 (2), chapter 578, Oregon Laws 2017, for the biennium ending June 30, 2019, as the maximum limit for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by the Oregon Liquor Control Commission for marijuana regu-

lation, is increased by $600,693 for regulatory and tracking expenses related to medical marijuana.

APPLICABILITY

SECTION 25. The amendments to ORS 475B.813 by section 5 of this 2018 Act apply to applications submitted on or after July 1, 2018.

SUNSET

SECTION 26. Sections 13 to 16 of this 2018 Act are repealed on January 2, 2024.

OPERATIVE DATE

SECTION 27. (1) Sections 8, 13 to 17, 19 and 20 of this 2018 Act and the amendments to ORS 305.260, 475B.109, 475B.136, 475B.139, 475B.227, 475B.630, 475B.813, 475B.831, 475B.864 and 475B.895 and sections 4 and 5, chapter 613, Oregon Laws 2017, by sections 1 to 7, 9 to 12 and

21 of this 2018 Act become operative on July 1, 2018.

(2) The amendments to ORS 475B.895 by section 7a of this 2018 Act become operative on January 2, 2024.

(3) The Oregon Criminal Justice Commission, the Oregon Health Authority, the Oregon Liquor Control Commission and the Department of Revenue may take any action before the operative date specified in subsection (1) of this section that is necessary for the authority, commission or department to exercise, on and after the operative date specified in subsection (1) of this section, all of the duties, functions and powers conferred on the authority, commission or department by sections 8, 13 to 17, 19 and 20 of this 2018 Act and the amendments to ORS 305.260, 475B.109, 475B.136, 475B.139, 475B.227, 475B.630, 475B.813, 475B.831, 475B.864 and 475B.895 and sections 4 and 5, chapter 613, Oregon Laws 2017, by sections 1 to 7, 9 to 12 and 21 of this 2018 Act.

EFFECTIVE DATE

SECTION 28. This 2018 Act takes effect on the 91st day after the date on which the 2018 regular session of the Seventy-ninth Legislative Assembly adjourns sine die.

Enrolled Senate Bill 1544 (SB 1544-B) Page 13

Passed by Senate March 3, 2018

.....

Lori L. Brocker, Secretary of Senate

.....

Peter Courtney, President of Senate

Passed by House March 3, 2018

.....

Tina Kotek, Speaker of House

Received by Governor:

.....M.,....., 2018

Approved:

.....M.,....., 2018

.....

Kate Brown, Governor

Filed in Office of Secretary of State:

.....M.,....., 2018

.....

Dennis Richardson, Secretary of State

Enrolled Senate Bill 1544 (SB 1544-B) Page 14

79th OREGON LEGISLATIVE ASSEMBLY--2018 Regular Session

Enrolled

House Bill 4089

Sponsored by Representative WILSON, Senator PROZANSKI, Representative MCLAIN; Representatives BARRETO, ESQUIVEL, FAHEY, GOMBERG, HELFRICH, HELM, LEWIS, MCKEOWN, OLSON, POWER, RESCHKE, SALINAS, SMITH DB, SOLLMAN, SPRENGER, STARK, WHISNANT, WITT, Senators BAERTSCHIGER JR, DEBOER, DEMBROW, FREDERICK, GIROD, HANSELL, JOHNSON, KRUSE, MANNING JR, OLSEN (at the request of Oregon Industrial Hemp Farmers Association (OIHFA)) (Presession filed.)

CHAPTER .....

AN ACT

Relating to industrial hemp; creating new provisions; amending ORS 475B.301, 475B.311, 475B.337, 475B.341, 475B.349, 475B.831, 571.300, 571.305, 571.330, 571.333, 571.339 and 571.348; repealing ORS 571.324; and declaring an emergency.

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

OREGON INDUSTRIAL HEMP AGRICULTURAL PILOT PROGRAM

SECTION 1. Sections 2 and 3 of this 2018 Act are added to and made a part of ORS 571.300 to 571.348.

SECTION 2. ORS 571.300 to 571.348 shall be known and may be cited as the Oregon Industrial Hemp Agricultural Pilot Program and Research Act.

SECTION 3. The State Department of Agriculture shall administer an Oregon Industrial Hemp Agricultural Pilot Program for the purpose of studying the growth, cultivation and marketing of industrial hemp in this state. In carrying out the program, the department:

(1) Shall administer ORS 571.300 to 571.348;

(2) Shall adopt by rule any record keeping and reporting requirements necessary to administer the program;

(3) May purchase, possess, seize or dispose of industrial hemp products or commodities as the department deems necessary to enforce and ensure compliance with ORS 571.300 to 571.348 or department rules relating to ORS 571.300 to 571.348; and

(4) May exercise any other power or perform any other function necessary to administer the program.

SECTION 4. Section 3 of this 2018 Act is intended to name the State Department of Agriculture hemp research program operating immediately prior to the effective date of this 2018 Act the Oregon Industrial Hemp Agricultural Pilot Program. The Oregon Industrial Hemp Agricultural Pilot Program is a continuation of the hemp research program operating immediately prior to the effective date of this 2018 Act and not a new program. Any references in any statutory or uncodified law or resolution of the Legislative Assembly, or in a rule, document, record or proceeding authorized by the Legislative Assembly, to the hemp

Enrolled House Bill 4089 (HB 4089-B) Page 1

research program operated by the department immediately prior to the effective date of this 2018 Act are considered to be references to the Oregon Industrial Hemp Agricultural Pilot Program.

SECTION 5. Section 4 of this 2018 Act is repealed January 2, 2019.

AGRICULTURAL HEMP SEED CERTIFICATE PROGRAM

SECTION 6. Section 7 of this 2018 Act is added to and made a part of ORS 571.300 to 571.348.

SECTION 7. (1) For purposes of ORS 633.511 to 633.750, agricultural hemp seed is an agricultural seed or a flower seed, as those terms are defined in ORS 633.511.

(2) The Director of Agriculture, or the director's agent, and the Dean of the College of Agricultural Sciences of Oregon State University, or the dean's agent, shall establish a program for the labeling and certification of agricultural hemp seed. For purposes of the program:

(a) The director and the dean shall perform their respective duties under ORS 633.511 to 633.750 with respect to agricultural hemp seed in the same manner that the director and dean perform their respective duties under ORS 633.511 to 633.750 with respect to other agricultural seed or flower seed, including but not limited to those duties related to labeling, testing and certifying seeds; and

(b) The director and the dean shall exercise their respective functions and powers under ORS 633.511 to 633.750 with respect to agricultural hemp seed in the same manner that the director and dean exercise their respective functions and powers under ORS 633.511 to 633.750 with respect to other agricultural seed or flower seed, including but not limited to

inspecting and sampling seeds and making rules and regulations under ORS 633.680.
(3) Notwithstanding subsections (1) and (2) of this section, if the director in consultation with the dean determines that a specific provision of ORS 633.511 to 633.750, or a specific rule or regulation made under ORS 633.511 to 633.750, that applies to other agricultural seed or flower seed is inadequate or not suitable for the regulation of agricultural hemp seed, the director may by rule exempt agricultural hemp seed from the provision, rule or regulation and make rules providing more adequate or suitable regulation of agricultural hemp seed.
(4)(a) The director and the dean shall collaborate with growers registered under ORS 571.305 in performing their respective duties and exercising their respective functions and powers under ORS 633.511 to 633.750 with respect to agricultural hemp seed.
(b) The director and the dean may collaborate with growers registered under ORS 571.305 and other stakeholders to develop a heritage agricultural hemp seed for this state.
(5) The director and the dean may collaborate with entities authorized to certify seeds under the laws of other states in performing their respective duties and exercising their respective functions and powers under ORS 633.511 to 633.750 with respect to agricultural hemp seed.
(6) A grower registered under ORS 571.305 is not required, for purposes related to growing industrial hemp, to use an agricultural hemp seed variety certified under the program described in this section.
(7) The State Department of Agriculture may establish by rule waivers to, or exemptions from, tests that would otherwise be conducted to determine a crop's average tetrahydrocannabinol concentration for crops planted with agricultural hemp seed varieties certified pursuant to the program described in this section.

INDUSTRIAL HEMP TESTING
SECTION 8. Sections 9 and 10 of this 2018 Act are added to and made a part of ORS 571.300 to 571.348.
Enrolled House Bill 4089 (HB 4089-B) Page 2
SECTION 9. The State Department of Agriculture may by rule or order establish a process providing for the remediation of a violation of ORS 571.330 or 571.333 that is committed by a grower or handler registered under ORS 571.305 and is not committed intentionally.
SECTION 10. The State Department of Agriculture may charge growers and handlers registered under ORS 571.305 fees reasonably calculated by the department to pay the cost of sampling or testing industrial hemp or industrial hemp commodities or products under ORS 571.330 and 571.333. Moneys from fees charged under this section shall be deposited in the Industrial Hemp Fund established under section 30 of this 2018 Act.

SECTION 11. ORS 571.330 is amended to read:

571.330. (1) For purposes of this section, "consumption" means to ingest, inhale or topically apply to the skin or hair.

[*(2)*] (2)(a) A laboratory licensed by the Oregon Liquor Control Commission under ORS 475B.560 and accredited by the Oregon Health Authority pursuant to ORS 475B.565 may test industrial hemp and industrial hemp commodities and products produced or processed by a grower, handler or agricultural hemp seed producer registered under ORS 571.305.

(b) An accredited independent testing laboratory that has been approved by the authority or the State Department of Agriculture may test industrial hemp and industrial hemp commodities and products produced or processed by a grower, handler or agricultural hemp seed producer registered under ORS 571.305.

(3) A [*handler registered under ORS 571.305*] grower or handler may not sell or transfer an industrial hemp commodity or product that is intended for human consumption unless the commodity or product is tested by a laboratory described in subsection (2) of this section to ensure that the commodity or product meets the requirements adopted by the Oregon Health Authority under ORS 475B.555 (1)(a) and (b) and (2) for testing marijuana items.

(4) For purposes of this section, the [*State Department of Agriculture*] department shall adopt rules:

(a) Establishing protocols for the testing of industrial hemp commodities and products; and

(b) Establishing procedures for determining batch sizes and for sampling industrial hemp commodities and products.

(5) This section does not apply to:

(a) Agricultural hemp seed;

(b) Seeds of the plant genus Cannabis within the plant family Cannabaceae that are incapable of germination;

(c) Products derived from seeds described in paragraph (b) of this subsection; or

(d) Other parts of industrial hemp that the department identifies by rule as exempt.

SECTION 12. ORS 571.333 is amended to read:

571.333. (1) The State Department of Agriculture may enter into an agreement with the Oregon Health Authority for the purpose of developing standards for investigating and testing an industrial hemp crop to [*ensure that the crop contains an*] determine the average tetrahydrocannabinol concentration [*that does not exceed 0.3 percent on a dry weight basis*] of the crop.

(2) In accordance with standards developed under subsection (1) of this section, a laboratory [*licensed by the Oregon Liquor Control Commission under ORS 475B.560 and accredited by the authority*

pursuant to ORS 475B.565] described in ORS 571.330 may test an industrial hemp crop for the purpose of determining the average tetrahydrocannabinol concentration of the crop. The laboratory must provide the test results to the department in a form and manner prescribed by the department.

[*(3) A laboratory described in subsection (2) of this section must provide the test results to the department in a form and manner prescribed by the department.*]

INDUSTRIAL HEMP COMMODITIES OR PRODUCTS

Enrolled House Bill 4089 (HB 4089-B) Page 3

SECTION 13. Sections 14, 15 and 15a of this 2018 Act are added to and made a part of ORS 571.300 to 571.348.

SECTION 14. (1) The Oregon Liquor Control Commission may purchase, possess, seize or dispose of industrial hemp products or commodities located on a premises licensed under ORS 475B.070, 475B.090, 475B.100, 475B.105 or 475B.560 or other area under the control of the premises licensee as the commission deems necessary to enforce and ensure compliance with:

(a) ORS 475B.010 to 475B.545, 475B.550 to 475B.590 or 475B.600 to 475B.655 or rules adopted by the commission relating to ORS 475B.010 to 475B.545, 475B.550 to 475B.590 or 475B.600 to 475B.655; or

(b) Any provision in ORS 571.300 to 571.348 or in rules adopted by the commission or State Department of Agriculture under ORS 571.300 to 571.348 that makes a requirement, restriction or other provision of ORS 475B.010 to 475B.545, 475B.550 to 475B.590 or 475B.600 to 475B.655 applicable to industrial hemp.

(2) If the commission purchases, possesses, seizes or disposes of industrial hemp products or commodities under this section to enforce or ensure compliance with a provision of ORS 571.300 to 571.348 or rule adopted by the department under ORS 571.300 to 571.348 that makes a requirement, restriction or other provision of ORS 475B.010 to 475B.545, 475B.550 to 475B.590 or 475B.600 to 475B.655 applicable to industrial hemp, the commission shall notify the department of the commission action as soon as practicable.

SECTION 15. (1) As used in this section:

(a) "Consumption" has the meaning given that term in ORS 571.330.

(b) "Processor" means a person licensed under ORS 475B.090.

(c) "Retailer" means a person licensed under ORS 475B.105.

(d) "Wholesaler" means a person licensed under ORS 475B.100.

(2) Except as provided in section 15a of this 2018 Act, a processor, retailer or wholesaler may purchase, receive, transfer, sell or transport industrial hemp, or an industrial hemp

commodity or product that contains cannabinoids and is intended for human consumption, only if:

(a) The processor, retailer or wholesaler received the hemp, commodity or product from a grower or handler registered under ORS 571.305 or a processor;

(b) The grower, handler or processor under paragraph (a) of this subsection is registered by the Oregon Liquor Control Commission as provided under ORS 571.336; and

(c) The hemp, commodity or product meets the requirements for marijuana items under ORS 475B.010 to 475B.545, 475B.550 to 475B.590 and 475B.600 to 475B.655 and rules adopted by the commission.

(3) A grower, handler or processor registered as described under ORS 571.336 (2)(a) shall enter hemp, commodity or product that contains cannabinoids, is intended for human consumption and is intended for transfer, sale or transport to a processor, retailer or wholesaler licensed under ORS 475B.010 to 475B.545 into the tracking system described in ORS 475B.177 before the hemp, commodity or product is transferred to a laboratory described in ORS 571.330 (2) for testing of a type described under ORS 475B.555. The commission shall continue to track the hemp, commodity or product entered into the system under this subsection when the hemp, commodity or product is transferred, sold or transported to a premises licensed under ORS 475B.010 to 475B.545, or to other areas under the control of the premises licensee.

(4) The State Department of Agriculture shall adopt rules regarding the activities of growers and handlers under this section.

(5) The commission shall adopt rules regarding the activities of processors, retailers, wholesalers and laboratories under this section.

SECTION 15a. (1) As used in this section:

(a) "Consumer" has the meaning given that term in ORS 475B.015.

Enrolled House Bill 4089 (HB 4089-B) Page 4

(b) "Retailer" means a person licensed under ORS 475B.105.

(2) Industrial hemp products that contain more than 0.3 percent tetrahydrocannabinol may not be sold to a consumer by a person other than a retailer.

(3) The Oregon Liquor Control Commission shall adopt rules establishing measures the commission deems necessary for ensuring compliance with this section.

SECTION 16. ORS 571.339 is amended to read:

571.339. A person may not make a retail sale of industrial hemp commodities or products in this state unless the industrial hemp commodities or products and the industrial hemp used to process the industrial hemp commodities or products meet the [*same or substantially the same*] requirements for processing industrial hemp commodities or products or growing industrial hemp set forth in ORS

571.300 to 571.348 and rules adopted under ORS 571.300 to 571.348. This section does not apply to the retail sale of industrial hemp commodities or products by a marijuana retailer, as defined in ORS 475B.015, that holds a license issued under ORS 475B.105.

NOTE: Sections 17 and 18 were deleted by amendment. Subsequent sections were not renumbered.

PERSONAL POSSESSION

SECTION 19. Section 20 of this 2018 Act is added to and made a part of ORS 571.300 to 571.348.

SECTION 20. (1) ORS 571.300 to 571.348 do not apply to the production or storage of homegrown plants in the genus Cannabis within the plant family Cannabaceae at a household by one or more persons 21 years of age or older, if the total amount of homegrown plants at the household does not exceed four plants at any time.

(2) As used in this section, "homegrown" and "household" have the meanings given those terms in ORS 475B.015.

SECTION 21. ORS 475B.301 is amended to read:

475B.301. ORS 475B.025, 475B.030, 475B.033, 475B.035, 475B.040, 475B.045, 475B.050, 475B.055, 475B.060, 475B.063, 475B.065, 475B.068, 475B.070, 475B.085, 475B.090, 475B.100, 475B.105, 475B.115, 475B.119, 475B.136, 475B.139, 475B.144, 475B.146, 475B.154, 475B.158, 475B.163, 475B.173, 475B.177, 475B.206, 475B.211, 475B.216, 475B.224, 475B.232, 475B.236, 475B.241, 475B.246, 475B.256, 475B.261, 475B.266, 475B.276, 475B.281, 475B.286, 475B.296, 475B.461, 475B.474, 475B.479, 475B.486, 475B.491, 475B.501, 475B.506, 475B.514, 475B.518, 475B.521, 475B.523, 475B.526 and 475B.529 do not apply:

(1) To the production or storage of homegrown [*marijuana*] plants in the genus Cannabis within the plant family Cannabaceae that are otherwise subject to ORS 475B.010 to 475B.545 at a household by one or more persons 21 years of age and older, if the total amount of homegrown [*marijuana*] plants at the household does not exceed four [*marijuana*] plants at any time.

(2) To the possession or storage of usable marijuana items at a household by one or more persons 21 years of age or older, if the total amount of usable marijuana at the household does not exceed eight ounces of usable marijuana at any time.

(3) To the making, processing, possession or storage of cannabinoid products at a household by one or more persons 21 years of age and older, if the total amount of cannabinoid products at the household does not exceed 16 ounces in solid form at any time.

(4) To the making, processing, possession or storage of cannabinoid products at a household by one or more persons 21 years of age and older, if the total amount of cannabinoid products at the household does not exceed 72 ounces in liquid form at any time.

(5) To the making, processing, possession or storage of cannabinoid concentrates at a household

by one or more persons 21 years of age or older, if the total amount of cannabinoid concentrates at the household does not exceed 16 ounces at any time.

(6) To the possession of cannabinoid extracts at a household by one or more persons 21 years of age or older, if the cannabinoid extracts were purchased from a marijuana retailer that holds a license under ORS 475B.105, or transferred by a medical marijuana dispensary registered by the

Enrolled House Bill 4089 (HB 4089-B) Page 5

Passed by House March 3, 2018

.....

Timothy G. Sekerak, Chief Clerk of House

.....

Tina Kotek, Speaker of House

Passed by Senate March 3, 2018

.....

Peter Courtney, President of Senate

Received by Governor:

.....M.,....., 2018

Approved:

.....M.,....., 2018

.....

Kate Brown, Governor

Filed in Office of Secretary of State:

.....M.,....., 2018

.....

Dennis Richardson, Secretary of State

Enrolled House Bill 4089 (HB 4089-B) Page 12

79th OREGON LEGISLATIVE ASSEMBLY--2018 Regular Session

Enrolled

House Bill 5202

Sponsored by JOINT COMMITTEE ON WAYS AND MEANS

CHAPTER .....

AN ACT

Relating to state financial administration; and declaring an emergency.
Be It Enacted by the People of the State of Oregon:

SECTION 9. For the purpose of carrying out the provisions of ORS 291.055 (1)(e), the following new or increased fees, adopted by the Oregon Liquor Control Commission and approved by the Oregon Department of Administrative Services, are approved:

(1) Medically designated canopy registration ..... $ 100

(2) Hemp certificate ..... $ 500

SECTION 10. This 2018 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2018 Act takes effect on its passage.

Passed by House March 3, 2018

.....

Timothy G. Sekerak, Chief Clerk of House

.....

Tina Kotek, Speaker of House

Passed by Senate March 3, 2018

.....

Peter Courtney, President of Senate

Received by Governor:

.....M.,....., 2018

Approved:

.....M.,....., 2018

.....

Kate Brown, Governor

Filed in Office of Secretary of State:

.....M.,....., 2018

.....

Dennis Richardson, Secretary of State

Enrolled House Bill 5202 (HB 5202-INTRO) Page 6