



## Recreational Marijuana Program Compliance Education Bulletin

Bulletin CE2019-04

March 19, 2019

The Oregon Liquor Control Commission is providing the following information to: recreational marijuana licensees.

The bulletin is part of OLCC's compliance education. It is important that you read it, and understand it. If you don't understand it please contact the OLCC for help.

Failure to understand and follow the information contained in this bulletin *could result in an OLCC rules compliance violation affecting your ability to work or operate your business.*

Bulletin CE2019-04 covers the following issues:

- **Metrc Categorization changes for pre-roll items;**
- **Department of Revenue tax reporting changes for pre-roll items; and**
- **Re-categorization of existing pre-roll Metrc items.**

Questions regarding the contents of this bulletin may be sent to [marijuana.cts@oregon.gov](mailto:marijuana.cts@oregon.gov).

### Oregon Metrc Pre-Roll Item Changes

In an effort to adjust Metrc functionality to match current packaging and labeling rules, on April 1, 2019 OLCC will implement a new way to categorize pre-rolls in Metrc.

**The change in Metrc coincides with the change in labeling requirements (product sell down) that go into effect on April 1, 2019. On that date OLCC-licensed retailers will no longer be allowed to accept products with labels that were approved prior to August 15, 2018. Other licensees will no longer be allowed to transfer those items to retailers.**

See OLCC [Recreational Marijuana Compliance Bulletin CE-2019-03](#) for additional details on the product sell down requirements.

Starting April 1<sup>st</sup> Metrc functionality will include **two new** "each" items for pre-rolls: one for **"plain" (non-infused) pre-rolls** (usable marijuana with unflavored paper, filter, and/or tip) and one for **"infused" pre-rolls** (usable marijuana combined with flavored paper and/or concentrate or extract such as kief).

**Hemp only pre-rolls should continue to be tracked as "Usable Hemp"** – the pre-roll categories discussed below are only for **marijuana items**. For questions about hemp see OLCC's [Hemp Metrc Guide](#).

**For plain pre-rolls:** Licensed Recreational Producers, Wholesalers, and Retailers may make non-infused pre-rolls under their license privileges. Starting April 1, 2019, there will be a new product category of "Non-Infused Pre-Rolls" in Metrc.

Items in this category will be created as count-based (“each”) items. When creating the items in Metrc you will be prompted to enter two additional values:

- Weight per unit: this is the **full net weight** of the pre-roll and must include the weight of the usable marijuana plus the weight of the rolling paper, filter, tip, cone, etc. This is one of the required weights on the label for sale to a consumer; see the [OLCC’s rules on labeling of usable marijuana pre-rolls](#) for more information.
- Weight of usable marijuana per unit: In Metrc this field will be called “Unit THC Content”; ***the weight in this field should be the weight of the usable marijuana in the pre-roll.*** The weight would be the full net weight of the pre-roll **minus** the weight of the rolling paper, filter, tip, cone, etc. This is the second required weight on the label for sale to a consumer; see the [OLCC’s rules on labeling of usable marijuana pre-rolls](#) for more information.

Any package you create of a non-infused pre-roll item will appear in Metrc as “each” and the weight per unit and weight of usable marijuana per unit created for the item will be associated with the package.

**For infused pre-rolls:** Only Licensed Recreational Processors may make infused pre-rolls. Infused pre-rolls are “other cannabinoid products” and are a combination of usable marijuana with one or more items or substances that are not unflavored rolling papers or filters/tips. Examples of infused pre-rolls include but are not limited to:

- Usable Marijuana rolled in flavored paper;
- “**Twax joint**” that combines usable marijuana with an extract;
- “**Kiefed joint**” that combines usable marijuana with kief; and
- Pre-roll that includes both kief and oil (extract).

**Starting April 1, 2019**, there will be a new product category of “**Infused Pre-Rolls**” in Metrc. Items in this category will be created as count-based (“each”) items. When creating the items in Metrc you will be prompted to enter the Unit Weight of the pre-roll, which is the full net weight of the item. This is the weight required to be on the label for sale to a consumer; see the [OLCC’s rules on labeling of other cannabinoid products](#) for more information.

Unlike “plain” (non-infused) pre-rolls, infused pre-rolls only require a single net weight of the item on the label. The weight of the usable marijuana in an infused pre-roll is not required to be included on the label of an infused pre-roll.

The OLCC’s [Product and Tax Categorization Guide](#) (in the “Additional Resources” section) and the [Oregon Metrc Wiki’s Item Categorization page](#) will be updated on April 1 to reflect this new method of tracking pre-rolls.

## Department of Revenue Tax Reporting Changes

### *This section pertains only to non-infused (“plain”) pre-rolls*

Tax reporting of infused pre-rolls should continue to be in the category of other cannabinoid product.

Oregon’s marijuana tax laws differentiate between “flower” and “leaves.” As such, the Oregon Department of Revenue (DOR)’s tax reporting requires retailers to separately report the amount of flower and leaves sold. Pre-rolls can be either flower, a combination of flower and leaves, or exclusively leaves. Until this point, pre-rolls were tracked in Metrc as either flower (“buds”) or leaves (“shake/trim”).

Changing the method of tracking non-infused pre-rolls in Metrc will no longer distinguish between bud and shake pre-rolls. As such, **any pre-rolls sold by a retailer on or after April 1, 2019 should be reported to DOR as “leaves” regardless of whether the pre-roll contains flower/bud.** Because all tax rates for all product categories are currently an identical rate, this change has no actual effect on the amount of taxes due.

The weight reported to DOR for sales of non-infused pre-rolls should be the aggregate weight of usable marijuana sold – in other words, the sum of the “Unit THC Content” field for all the non-infused pre-roll items sold during the tax period.

At the request of the Oregon Metrc User Group, there will soon be an additional report in Metrc for retailers that will assist in tax reporting. The new report will enable retailers to pull all sales transactions line items over a selected time period and will include both the Unit Weight and Unit THC Content weight for all items sold. This report will reflect the data as entered in Metrc and is the data that both OLCC and DOR use for compliance and auditing purposes.

### Re-categorization of Existing Pre-Roll Metrc Items

New Metrc packages of pre-rolls created on and after April 1, 2019 should be categorized according to the above guidance. That will require the licensee creating the package to create a new item with the appropriate category prior to creating the package in Metrc.

**Any sales of pre-rolls on and after April 1, 2019 should be reported to DOR according to the above guidance.** This requires Recreational Retailers to correctly categorize pre-roll items in Metrc according to the above guidance **at the time April 2019 sales are reported to DOR.** Retailers can accomplish this by creating new items according to the above guidance and repackaging an entire existing Metrc package into a new package of the pre-roll item.