



OREGON LIQUOR CONTROL COMMISSION

The Commission proposes to:

Amend OAR 845-025-3250 & adopt 845-025-3255

NOTICE OF PUBLIC HEARING

Date and Time: May 15, 2017 at 11:00 a.m.
Location: Oregon Liquor Control Commission
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Portland, OR 97222
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Auxiliary aids for persons with disabilities are available upon advance request.

CAPTION:

The amendments enable processors to use shared kitchen space to make edible or topical products.

RULE SUMMARY:

As Commission staff has begun licensing cannabinoid edible processors, staff has discovered that many processor do not own a commercial kitchen to produce their products. Instead, as is common in the catering industry, many edible/concentrate makers rent commercial kitchen space or share space with another processor to save on costs. Existing rules allow for this practice under certain conditions for processors with an edible endorsement. However, existing rules do not contemplate that many edible makers also produce their own infused products, which requires a concentrate endorsement. The Commission is expanding the rule to allow processors who operate under this rule to also produce certain concentrates for use in their edible or topical products.

HOW TO OBTAIN THE PROPOSED RULE LANGUAGE:

A copy of the proposed rule language is attached to this Notice. Alternatively, you may obtain a copy of the proposed rule language by calling the Oregon Liquor Control Commission at the phone number listed above. For your convenience, the proposed rule language is also available on our website at: <http://www.oregon.gov/OLCC/pages/index.aspx>.

Go to the “Laws and Rules” tab on the left side of the screen, and then follow the link to the “Proposed Rulemaking” section of our website. You will find all of the relevant rulemaking documents, including the proposed rule language, under the “Alternating Proprietors Package” section of this webpage.

HOW TO SUBMIT COMMENTS:

During the hearing, you may present oral or written testimony that includes opinions, information, concerns or proposals related to this rulemaking matter. The Commission also requests comments on whether other options exist and/or should be considered for achieving the rule’s substantive goals while reducing the negative economic impact of the proposed rule on business.

After the hearing, you may submit written comments in person, by mail, by fax or by e-mail (see above for relevant contact information). **However, all written comments must be received by 5:00 p.m. on May 30, 2017.**

The Commission reserves the right to request and receive additional comments at any time on or before the date the Commission takes final action on this rulemaking matter.

STATEMENT OF NEED AND FISCAL IMPACT:

In the Matter of: The proposed adoption of OAR 845-025-3255 & amendments to 845-025-3250.

Statutory Authority: ORS 475B.025 & 475B.090

Statutes Implemented: ORS 475B.090 & 475B.135

Need for the Rule:

Existing rules do not contemplate that many edible makers also produce their own infused products, which requires a concentrate endorsement. The amendments and new rule allow processors who operate under this rule to also produce certain concentrates for use in their edible or topical products.

Documents Relied Upon and Where They Are Available:

ORS 475B available from Legislative Counsel

Rule File available from the Oregon Liquor Control Commission, Administrative Policy & Process Division.

Fiscal and Economic Impact Statement:

This statement takes into account the fiscal impact on: (a) Licensees/Permittees; (b) Local Government; (c) State Agencies; and (d) the Public.

(a) Licensees

- The amendments and proposed adoption will have a positive impact upon marijuana producer licensees. Specifically, processor licensees will be able to share a commercial kitchen to produce their products. This will enable processors to rent a commercial kitchen space, as opposed to building and maintaining their own kitchen. This will greatly reduce processor licensees' infrastructure costs.

(b) Local Government.

- The amendments and proposed adoption may have an impact upon local governments, as more licensees may apply to operate.

(c) State Agencies.

- The amendments and proposed adoption will have some impact upon both the Oregon Liquor Control Commission and the Oregon Department of Agriculture, as both agencies will need to work with licensees to approve their usage of such kitchens.

(d) The Public.

- The amendments and proposed adoption may have a positive impact upon the public. Processor licensees will have the ability to run their licensed businesses through a shared kitchen which should greatly reduce costs.

Statement of Cost of Compliance:

1. Impact on state agencies, units of local government and the public (ORS 183.335(2)(b)(E)):

- State agencies
 - The amendments and proposed adoption will have some impact upon both the Oregon Liquor Control Commission and Oregon Department of Agriculture, as both agencies must work with processor licensees to ensure they are operating within the confines of this rule.
- Local Government
 - The amendments and proposed adoption may have an impact upon local governments, as more licensees may apply to operate.
- Public
 - The amendments and proposed adoption may have a positive impact upon the public, as licensees will be given an opportunity to create their products

in a shared kitchen, thus lowering their overhead costs. This could provide more competitively priced products on the market.

2. Cost of compliance effect on small business (ORS 183.336):

a. Estimate the number of small businesses and types of business and industries with small businesses subject to the rule:

As of April 10, 2017, the Commission has licensed 284 marijuana processor licensees.

b. Projected reporting, recordkeeping and other administrative activities required for compliance, including costs of professional services:

This package will enable processors to share a commercial kitchen space to produce their wares. However, processors sharing a kitchen space will have to ensure that they are keeping to the hours they have registered with the Commission. This will require processors to maintain an up to date schedule and follow all of the rules that apply to their licensed privileges.

c. Equipment, supplies, labor and increased administration required for compliance:

This package will enable processors to share a commercial kitchen space to produce their wares. However, processors sharing a kitchen space will have to ensure that they are keeping to the hours they have registered with the Commission.

How were small businesses involved in the development of this rule?

As the amendments and adoption relax the previous prohibition on sharing kitchen space, staff saw no reason to hold an advisory committee. Staff previously worked with the industry to implement the proposed amendments and adoption, as temporary rules. Local governments, state agencies, public safety representatives and industry representative will be able to submit their issues with the rule language at either the May 15, 2017 hearing or during the subsequent comment period.

Was an administrative rule advisory committee consulted?

No.

(This notice was sent on April 15, 2017)