

**SB 365 A STAFF MEASURE SUMMARY**  
**House Committee On Economic Development**

**Carrier:** Rep. Helm

---

**Action Date:** 05/15/19  
**Action:** Do Pass the A-Eng bill.  
**Vote:** 7-4-0-0  
**Yeas:** 7 - Fahey, Helm, Lively, Marsh, McKeown, McLain, Wallan  
**Nays:** 4 - Barreto, Bonham, Drazan, Witt  
**Fiscal:** Fiscal impact issued  
**Revenue:** Has minimal revenue impact  
**Prepared By:** Melissa Leoni, LPRO Analyst  
**Meeting Dates:** 4/29, 5/15

---

**WHAT THE MEASURE DOES:**

Prohibits local government from imposing system development charge for increased use of transportation facility that results from production of marijuana on property located in an exclusive farm use zone. Allows premises used for marijuana production to continue to be used for marijuana production if it was first licensed prior to a local government prohibition on marijuana production, and specifies the ownership, production, alteration, and licensure conditions for these premises. Specifies that person holding a registry identification card who is released prior to judgment of conviction, subject to a diversion agreement, sentenced to probation, or released on post-prison supervision or parole is subject to the same release, supervision, or diversion conditions related to prescription drugs. Becomes operative January 1, 2020. Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

- Systems development charges (SDCs) and farm uses and the differences in applicability for cannabis because of time, place, and manner regulations in state law
- Marijuana production and differences between indoor and outdoor growing, processing, and business offices
- Agricultural crop changes, farm use of roads, and neighbor impacts
- Decision process for Deschutes County, including trip generation analysis and how SDCs are applied to the square footage of structures and not uses

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

Oregon voters approved Ballot Measure 67 in 1998, allowing the medical use of marijuana in Oregon within specified limits. The law provides legal protections for qualified patients (registry identification cardholders), allows a caregiver to provide assistance to a patient, and mandates an Oregon Health Authority (OHA) registration system. Cardholders may grow plants for themselves, designate a grower and grow site on their behalf, or purchase marijuana items from medical marijuana dispensaries or licensed recreational retail establishments.

In 2014, Oregon voters enacted Ballot Measure 91, allowing the recreational use of marijuana for persons 21 years or older in Oregon. The measure directed the Oregon Liquor Control Commission (OLCC) to administer and regulate the recreational system. Under the OLCC licensing process, applicants submit a license application in the online licensing system and pay an application fee. OLCC receives the application and a license investigator begins a completeness review, followed by a compliance review. An OLCC inspector also visits the site to determine compliance with physical requirements. If an applicant meets all application and premise inspection requirements, and all fees are paid, the license is issued. Licenses must be renewed annually. Senate Bill 365-A allows a premises licensed for marijuana production prior to the local government adoption of a local ordinance

## **SB 365 A STAFF MEASURE SUMMARY**

prohibiting the production of recreational marijuana to continue marijuana production under certain conditions.

In 2015, the Legislative Assembly authorized local government to prohibit production and adopt reasonable conditions on the manner in which a licensed producer may produce marijuana, and classified marijuana as a crop for the purposes of "farm use," allowing it to be the primary product grown on land zoned exclusively for farm use. Local governments are authorized to adopt and assess systems development charges (SDCs), which are fees designed to cover the expense of capital improvements as needed to keep pace with growth. SDCs cannot be assessed on farm use in exclusive farm use zones. Under its authority to adopt reasonable conditions for the production of marijuana, Deschutes County has enacted SDCs to offset the increased use of roads by marijuana producers. Senate Bill 365-A prohibits local government from imposing SDCs for increased use of roads that result from marijuana production in exclusive farm use zones.

Current statute allows a criminal defendant on supervision, diversion, or release conditions, who is a medical marijuana cardholder, to use medical marijuana in the same manner as other prescription drugs. Senate Bill 365-A clarifies and consolidates these statutory provisions.