

**B-Engrossed**  
**House Bill 2098**

Ordered by the Senate May 17  
Including House Amendments dated April 12 and Senate Amendments  
dated May 17

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor Kate Brown for Oregon Liquor Control Commission)

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Directs Oregon Liquor Control Commission to establish advisory committee to advise commission, Oregon Health Authority and State Department of Agriculture on standards for testing marijuana. **Allows pharmacist to dispense to patient certain prescription drugs that contain one or more cannabinoids. Specifies that marijuana does not include certain prescription drugs that contain one or more cannabinoids.** Authorizes commission to establish pilot programs to expand access to marijuana for medical use to registry identification cardholders and designated primary caregivers. Clarifies that **applicant for marijuana producer license is not required to demonstrate continual registration as person responsible for medical marijuana grow site in order to use** exemption from requirement to obtain land use compatibility statement as condition of licensure [*as marijuana producer applies to person responsible for medical marijuana grow site who has been continuously registered since January 1, 2015*]. Defines "kief" and allows marijuana producer to produce and transfer kief. **Prohibits person from producing, processing, transporting, delivering or selling marijuana item without valid license issued by commission.** Exempts from prohibition on selling or delivering marijuana item to person under 21 years of age marijuana retailer authorized to sell or deliver marijuana items to registry identification cardholder who is at least 18 years of age. Directs commission to revoke marijuana retailer license if retailer fails to pay specified taxes or file specified returns.

Increases civil penalty for violation of laws related to recreational marijuana from \$5,000 to \$10,000 per violation.

Declares emergency, effective on passage.

**A BILL FOR AN ACT**

1  
2 Relating to marijuana; creating new provisions; amending ORS 475B.015, 475B.025, 475B.045,  
3 475B.074, 475B.096, 475B.186, 475B.199, 475B.206, 475B.211, 475B.216, 475B.256, 475B.416,  
4 475B.550, 475B.577, 475B.600, 475B.705, 475B.710 and 475B.791; and declaring an emergency.

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

6 **SECTION 1. (1) The Oregon Liquor Control Commission shall establish an advisory com-**  
7 **mittee to advise the commission, the Oregon Health Authority and the State Department of**  
8 **Agriculture on establishing and maintaining standards for testing the potency of marijuana**  
9 **and marijuana items, as those terms are defined in ORS 475B.015. The members of the**  
10 **committee must include members who are:**

11 (a) **Representatives of the commission, the authority and the department;**

12 (b) **Stakeholders in the marijuana industry; and**

13 (c) **Individuals who have expertise in the potency testing of marijuana and marijuana**  
14 **items.**

15 (2) **The commission may adopt rules to carry out this section.**

16 **SECTION 2. Section 3 of this 2019 Act is added to and made a part of ORS chapter 689.**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1       **SECTION 3. (1) A pharmacist may dispense to a patient, pursuant to a prescription from**  
2 **a practitioner, a prescription drug that is approved by the United States Food and Drug Ad-**  
3 **ministration and that contains one or more cannabinoids.**

4       **(2) The State Board of Pharmacy may adopt rules to carry out this section.**

5       **SECTION 4.** ORS 475B.015 is amended to read:

6       475B.015. As used in ORS 475B.010 to 475B.545:

7       (1) “Cannabinoid” means any of the chemical compounds that are the active constituents [of]  
8 **derived from** marijuana.

9       (2) “Cannabinoid concentrate” means a substance obtained by separating cannabinoids from  
10 marijuana by:

11       (a) A mechanical extraction process;

12       (b) A chemical extraction process using a nonhydrocarbon-based solvent, such as water, vege-  
13 table glycerin, vegetable oils, animal fats, isopropyl alcohol or ethanol;

14       (c) A chemical extraction process using carbon dioxide, provided that the process does not in-  
15 volve the use of high heat or pressure; or

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

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

20       (4) “Cannabinoid extract” means a substance obtained by separating cannabinoids from  
21 marijuana by:

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

24       (b) A chemical extraction process using carbon dioxide, if the process uses high heat or pres-  
25 sure; or

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

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

30       (b) “Cannabinoid product” does not include:

31       (A) Usable marijuana by itself;

32       (B) A cannabinoid concentrate by itself;

33       (C) A cannabinoid extract by itself; or

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

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

37       (7) “Deliver” means the actual, constructive or attempted transfer from one person to another  
38 of a marijuana item, whether or not there is an agency relationship.

39       (8) “Designated primary caregiver” has the meaning given that term in ORS 475B.791.

40       (9)(a) “Financial consideration” means value that is given or received either directly or indi-  
41 rectly through sales, barter, trade, fees, charges, dues, contributions or donations.

42       (b) “Financial consideration” does not include marijuana, cannabinoid products or cannabinoid  
43 concentrates that are delivered within the scope of and in compliance with ORS 475B.301.

44       (10) “Homegrown” means grown by a person 21 years of age or older for noncommercial pur-  
45 poses.

1 (11) "Household" means a housing unit and any place in or around a housing unit at which the  
2 occupants of the housing unit are producing, processing, possessing or storing homegrown  
3 marijuana, cannabinoid products, cannabinoid concentrates or cannabinoid extracts.

4 (12) "Housing unit" means a house, an apartment or a mobile home, or a group of rooms or a  
5 single room that is occupied as separate living quarters, in which the occupants live and eat sepa-  
6 rately from any other persons in the building and that has direct access from the outside of the  
7 building or through a common hall.

8 (13) "Immature marijuana plant" means a marijuana plant that is not flowering.

9 (14) "Licensee" means a person that holds a license issued under ORS 475B.070, 475B.090,  
10 475B.100 or 475B.105.

11 (15) "Licensee representative" means an owner, director, officer, manager, employee, agent or  
12 other representative of a licensee, to the extent that the person acts in a representative capacity.

13 (16)(a) "Manufacture" means producing, propagating, preparing, compounding, converting or  
14 processing a marijuana item, either directly or indirectly, by extracting from substances of natural  
15 origin.

16 (b) "Manufacture" includes any packaging or repackaging of a marijuana item or the labeling  
17 or relabeling of a container containing a marijuana item.

18 (17)(a) "Marijuana" means the plant Cannabis family Cannabaceae, any part of the plant  
19 Cannabis family Cannabaceae and marijuana seeds.

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

21 **(b) "Marijuana" does not include:**

22 **(A) Industrial hemp, as defined in ORS 571.300; or**

23 **(B) Prescription drugs, as that term is defined in ORS 689.005, including those containing**  
24 **one or more cannabinoids, that are approved by the United States Food and Drug Adminis-**  
25 **tration and dispensed by a pharmacy, as defined in ORS 689.005.**

26 (18) "Marijuana flowers" means the flowers of the plant genus Cannabis within the plant family  
27 Cannabaceae.

28 (19) "Marijuana items" means marijuana, cannabinoid products, cannabinoid concentrates and  
29 cannabinoid extracts.

30 (20) "Marijuana leaves" means the leaves of the plant genus Cannabis within the plant family  
31 Cannabaceae.

32 (21) "Marijuana processor" means a person that processes marijuana items in this state.

33 (22) "Marijuana producer" means a person that produces marijuana in this state.

34 (23) "Marijuana retailer" means a person that sells marijuana items to a consumer in this state.

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

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

37 (25) "Marijuana wholesaler" means a person that purchases marijuana items in this state for  
38 resale to a person other than a consumer.

39 (26) "Mature marijuana plant" means a marijuana plant that is not an immature marijuana  
40 plant.

41 (27) "Medical grade cannabinoid product, cannabinoid concentrate or cannabinoid extract"  
42 means a cannabinoid product, cannabinoid concentrate or cannabinoid extract that has a concen-  
43 tration of tetrahydrocannabinol that is permitted under ORS 475B.625 in a single serving of the  
44 cannabinoid product, cannabinoid concentrate or cannabinoid extract for consumers who hold a  
45 valid registry identification card issued under ORS 475B.797.

1 (28) "Medical purpose" means a purpose related to using usable marijuana, cannabinoid pro-  
2 ducts, cannabinoid concentrates or cannabinoid extracts to mitigate the symptoms or effects of a  
3 debilitating medical condition, as defined in ORS 475B.791.

4 (29) "Noncommercial" means not dependent or conditioned upon the provision or receipt of fi-  
5 nancial consideration.

6 (30)(a) "Premises" includes the following areas of a location licensed under ORS 475B.010 to  
7 475B.545:

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

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

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

14 (b) "Premises" does not include a primary residence.

15 (31)(a) "Processes" means the processing, compounding or conversion of marijuana into  
16 cannabinoid products, cannabinoid concentrates or cannabinoid extracts.

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

18 (32)(a) "Produces" means the manufacture, planting, cultivation, growing or harvesting of  
19 marijuana.

20 (b) "Produces" does not include:

21 (A) The drying of marijuana by a marijuana processor, if the marijuana processor is not other-  
22 wise producing marijuana; or

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

26 (33) "Propagate" means to grow immature marijuana plants or to breed or produce marijuana  
27 seeds.

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

32 (35) "Registry identification cardholder" has the meaning given that term in ORS 475B.791.

33 (36)(a) "Usable marijuana" means the dried leaves and flowers of marijuana.

34 (b) "Usable marijuana" does not include:

35 (A) Marijuana seeds;

36 (B) The stalks and roots of marijuana; or

37 (C) Waste material that is a by-product of producing or processing marijuana.

38 **SECTION 5.** ORS 475B.025 is amended to read:

39 475B.025. (1) The Oregon Liquor Control Commission has the duties, functions and powers  
40 specified in ORS 475B.010 to 475B.545 and the powers necessary or proper to enable the commission  
41 to carry out the commission's duties, functions and powers under ORS 475B.010 to 475B.545. The  
42 jurisdiction, supervision, duties, functions and powers of the commission extend to any person that  
43 produces, processes, transports, delivers, sells or purchases a marijuana item in this state. The  
44 commission may sue and be sued.

45 (2) The duties, functions and powers of the commission specified in ORS 475B.010 to 475B.545

1 include the following:

2 (a) To regulate the production, processing, transportation, delivery, sale and purchase of  
3 marijuana items in accordance with the provisions of ORS 475B.010 to 475B.545.

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

7 (c) To adopt, amend or repeal rules as necessary to carry out the intent and provisions of ORS  
8 475B.010 to 475B.545, including rules that the commission considers necessary to protect the public  
9 health and safety.

10 (d) To exercise all powers incidental, convenient or necessary to enable the commission to ad-  
11 minister or carry out the provisions of ORS 475B.010 to 475B.545 or any other law of this state that  
12 charges the commission with a duty, function or power related to marijuana. Powers described in  
13 this paragraph include, but are not limited to:

14 (A) Issuing subpoenas;

15 (B) Compelling the attendance of witnesses;

16 (C) Administering oaths;

17 (D) Certifying official acts;

18 (E) Taking depositions as provided by law;

19 (F) Compelling the production of books, payrolls, accounts, papers, records, documents and tes-  
20 timony; and

21 (G) Establishing fees in addition to the application, licensing and renewal fees described in ORS  
22 475B.070, 475B.090, 475B.100 and 475B.105, provided that any fee established by the commission is  
23 reasonably calculated not to exceed the cost of the activity for which the fee is charged.

24 (e) To adopt rules regulating and prohibiting advertising marijuana items in a manner:

25 (A) That is appealing to minors;

26 (B) That promotes excessive use;

27 (C) That promotes illegal activity; or

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

29 (f) To regulate the use of marijuana items for other purposes as deemed necessary or appropri-  
30 ate by the commission.

31 **(g) To establish pilot programs, of not more than three years in duration, to expand ac-**  
32 **cess to marijuana for medical use for registry identification cardholders and designated pri-**  
33 **mary caregivers, as defined in ORS 475B.791.**

34 (3) Fees collected pursuant to subsection (2)(d)(G) of this section shall be deposited in the  
35 Marijuana Control and Regulation Fund established under ORS 475B.296.

36 **SECTION 6.** ORS 475B.045 is amended to read:

37 475B.045. (1) The Oregon Liquor Control Commission may not license an applicant under the  
38 provisions of ORS 475B.010 to 475B.545 **or 475B.560** if the applicant is under 21 years of age.

39 (2) The commission may refuse to issue a license or may issue a restricted license to an appli-  
40 cant under the provisions of ORS 475B.010 to 475B.545 if the commission makes a finding that the  
41 applicant:

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

44 (b) Has made false statements to the commission.

45 (c) Is incompetent or physically unable to carry on the management of the establishment pro-

1 posed to be licensed.

2 (d) Has been convicted of violating a federal law, state law or local ordinance if the conviction  
3 is substantially related to the fitness and ability of the applicant to lawfully carry out activities  
4 under the license.

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

6 (f) Does not have a good record of compliance with ORS 475B.010 to 475B.545 or any rule  
7 adopted under ORS 475B.010 to 475B.545.

8 (g) Is not the legitimate owner of the premises proposed to be licensed, or has not disclosed that  
9 other persons have ownership interests in the premises proposed to be licensed.

10 (h) Has not demonstrated financial responsibility sufficient to adequately meet the requirements  
11 of the premises proposed to be licensed.

12 (i) Is unable to understand the laws of this state relating to marijuana items or the rules adopted  
13 under ORS 475B.010 to 475B.545.

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

18 (a) The manufacture of marijuana, if:

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

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

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

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

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

26 (c) The possession of marijuana.

27 **SECTION 7.** ORS 475B.074 is amended to read:

28 475B.074. (1) The requirement under ORS 475B.063 to obtain a land use compatibility statement  
29 as a condition of receiving a license under ORS 475B.070 does not apply to an applicant if:

30 [(1)] (a) The applicant is applying for a license at an address where a marijuana grow site reg-  
31 istered under ORS 475B.810 is located;

32 [(2)] (b) The address is outside of city limits;

33 [(3)] (c) At least one person responsible for a marijuana grow site located at the address first  
34 registered with the Oregon Health Authority under ORS 475B.810 before January 1, 2015, **and is**  
35 **registered with the authority under ORS 475B.810 on the date on which the applicant sub-**  
36 **mitted the application for a license under ORS 475B.070;**

37 [(4)] (d) Each person responsible for a marijuana grow site located at the address first registered  
38 with the [*Oregon Health*] authority under ORS 475B.810 before February 1, 2016, **and is registered**  
39 **with the authority under ORS 475B.810 on the date on which the applicant submitted the**  
40 **application for a license under ORS 475B.070;** and

41 [(5)] (e) The applicant is applying for a mature marijuana plant grow canopy of:

42 [(a)] (A) 5,000 square feet or less, if the marijuana is produced outdoors; or

43 [(b)] (B) 1,250 square feet or less, if the marijuana is produced indoors.

44 (2) **For purposes of this section, an applicant for a license under ORS 475B.070 is not re-**  
45 **quired to demonstrate that:**

1 (a) At least one person responsible for a marijuana grow site located at the address for  
2 which the applicant is applying for a license has been continuously registered with the au-  
3 thority under ORS 475B.810 between January 1, 2015, and the date on which the applicant  
4 applies for a license under ORS 475B.070; or

5 (b) Each person responsible for a marijuana grow site located at the address for which  
6 the applicant is applying for a license has been continuously registered with the authority  
7 under ORS 475B.810 between February 1, 2016, and the date on which the applicant applies  
8 for a license under ORS 475B.070.

9 **SECTION 8.** ORS 475B.096 is amended to read:

10 475B.096. (1) Notwithstanding ORS 475B.090, a marijuana producer that holds a license issued  
11 under ORS 475B.070 and has a mature marijuana plant grow canopy described in subsection (2) of  
12 this section may process marijuana into a cannabinoid concentrate if the process involves separating  
13 cannabinoids from marijuana by:

14 (a) A mechanical process; or

15 (b) An extraction process using water as the solvent.

16 (2) To be eligible to process marijuana into a cannabinoid concentrate under this section, a  
17 marijuana producer must have a mature marijuana plant grow canopy, as restricted by the Oregon  
18 Liquor Control Commission under ORS 475B.085, that does not exceed:

19 (a) For marijuana grown outdoors, 5,000 square feet; or

20 (b) For marijuana grown indoors, 1,250 square feet.

21 **(3)(a) A marijuana producer that holds a license issued under ORS 475B.070 and that has**  
22 **a plant grow canopy determined by rule by the commission, may produce and transfer kief.**

23 **(b) For purposes of this subsection, “kief” means the resinous trichomes of marijuana**  
24 **that accumulate or fall off when marijuana flowers are sifted through a mesh screen or**  
25 **sieve.**

26 [(3)] (4) The processing of marijuana under this section must comport with any reasonable con-  
27 dition adopted under ORS 475B.486 that is imposed on the manner in which a marijuana processor  
28 licensed under ORS 475B.090 may process marijuana.

29 **SECTION 9.** ORS 475B.186 is amended to read:

30 475B.186. (1) The Legislative Assembly finds and declares that the unregulated commerce of  
31 marijuana items constitutes a serious danger to public health and safety.

32 **(2)(a) A person may not produce, process, transport, deliver or sell a marijuana item**  
33 **unless the person holds a valid license issued under ORS 475B.010 to 475B.545 or a registra-**  
34 **tion issued under ORS 475B.785 to 475B.949 or is exempted under ORS 475B.301.**

35 **(b) A licensee is engaged in the unregulated commerce of marijuana items if the licensee**  
36 **allows a person who does not hold a license issued under ORS 475B.010 to 475B.545 or**  
37 **475B.560 to engage in an activity that requires a license issued under ORS 475B.010 to**  
38 **475B.545 or 475B.560.**

39 [(2)] (3) In addition to any other disciplinary action available to the Oregon Liquor Control  
40 Commission under ORS 475B.010 to 475B.545 or **475B.550 to 475B.590**, the commission may imme-  
41 diately:

42 (a) Restrict, suspend or refuse to renew a license issued under ORS 475B.010 to 475B.545 or  
43 **475B.560** if circumstances create probable cause for the commission to conclude that a licensee  
44 has:

45 **(A) Purchased or received a marijuana item from an unlicensed source [or that a licensee has];**

1 **or**

2 (B) Sold, stored or transferred a marijuana item in a manner that is not permitted by the  
3 licensee's license[.];

4 (b) **Restrict, suspend or refuse to renew a license issued under ORS 475B.010 to 475B.545  
5 or 475B.560 if circumstances create probable cause for the commission to believe that a  
6 person who does not hold a license issued under ORS 475B.010 to 475B.545 or 475B.560 for the  
7 licensed premises engaged, or is engaging, in an activity that requires a license under ORS  
8 475B.010 to 475B.545 or 475B.560; or**

9 (c) **Seize marijuana items from a licensee if circumstances create probable cause for the  
10 commission to conclude that the licensee has:**

11 (A) **Engaged, or is engaging, in the unlawful diversion of marijuana items; or**

12 (B) **Allowed, or is allowing, a person who does not hold a license issued under ORS  
13 475B.010 to 475B.545 or 475B.560 to engage in an activity that requires a license issued under  
14 ORS 475B.010 to 475B.545 or 475B.560 at the premises for which a license is issued.**

15 **SECTION 10.** ORS 475B.199 is amended to read:

16 475B.199. (1) Notwithstanding the lapse, suspension or revocation of a permit issued under ORS  
17 475B.266, the Oregon Liquor Control Commission may:

18 (a) Proceed with any investigation of, or any action or disciplinary proceeding against, the per-  
19 son who held the permit; or

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

21 (2) In cases involving the proposed denial of a [*license issued under ORS 475B.010 to 475B.545,*  
22 *the applicant for licensure*] **permit issued under ORS 475B.266, the applicant for the permit** may  
23 not withdraw the applicant's application.

24 **SECTION 11.** ORS 475B.206 is amended to read:

25 475B.206. (1) Except as provided in ORS 475B.136 and 475B.873, a marijuana producer that holds  
26 a license issued under ORS 475B.070, marijuana processor that holds a license issued under ORS  
27 475B.090 or marijuana wholesaler that holds a license issued under ORS 475B.100 may deliver  
28 marijuana items only to or on a premises for which a license has been issued under ORS 475B.070,  
29 475B.090, 475B.100 or 475B.105, or to a registry identification cardholder or designated primary  
30 caregiver as allowed under ORS 475B.010 to 475B.545.

31 (2) A licensee to which marijuana items may be delivered under subsection (1) of this section  
32 may receive marijuana items only from:

33 (a) A marijuana producer that holds a license issued under ORS 475B.070, marijuana processor  
34 that holds a license issued under ORS 475B.090, marijuana wholesaler that holds a license issued  
35 under ORS 475B.100, [*or*] marijuana retailer that holds a license issued under ORS 475B.105 **or a  
36 laboratory licensed under ORS 475B.560;**

37 (b) A researcher of cannabis that holds a certificate issued under ORS 475B.286 and that  
38 transfers limited amounts of marijuana, usable marijuana, cannabinoid products, cannabinoid con-  
39 centrates and cannabinoid extracts in accordance with procedures adopted under ORS 475B.286  
40 (3)(d) and (e); [*or*]

41 (c) A marijuana grow site registered under ORS 475B.810, marijuana processing site registered  
42 under ORS 475B.840, or a medical marijuana dispensary registered under ORS 475B.858, acting in  
43 accordance with procedures adopted by the Oregon Liquor Control Commission under ORS  
44 475B.167[.]; **or**

45 (d) **A marijuana grow site registered under ORS 475B.810, acting in accordance with ORS**



1 **475B.825 and any procedures adopted by rule by the commission.**

2 (3) The sale of marijuana items by a marijuana retailer that holds a license issued under ORS  
3 475B.105 must be restricted to the premises for which the license has been issued, but deliveries  
4 may be made by a marijuana retailer to consumers pursuant to a bona fide order received at the  
5 premises prior to delivery.

6 (4) The commission may by order waive the requirements of subsections (1) and (2) of this sec-  
7 tion to ensure compliance with ORS 475B.010 to 475B.545 or a rule adopted under ORS 475B.010 to  
8 475B.545. An order issued under this subsection does not constitute a waiver of any other require-  
9 ment of ORS 475B.010 to 475B.545 or any other rule adopted under ORS 475B.010 to 475B.545.

10 **SECTION 12.** ORS 475B.211 is amended to read:

11 475B.211. **Except for a marijuana retailer registered under ORS 475B.146 to sell or deliver**  
12 **marijuana items to a registry identification cardholder who is 18 years of age or older,** a  
13 licensee or licensee representative may not sell or deliver a marijuana item to a person under 21  
14 years of age.

15 **SECTION 13.** ORS 475B.216 is amended to read:

16 475B.216. (1) Subject to subsection (2) of this section, a licensee or licensee representative, be-  
17 fore selling or providing a marijuana item to another person, must require the person to produce  
18 one of the following pieces of identification:

19 (a) The person's passport, **issued by the United States or a foreign government.**

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

22 (c) An identification card issued under ORS 807.400.

23 (d) A United States military identification card.

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

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

28 **(g) The person's proof of participation in the United States Customs and Border Pro-**  
29 **tection Secure Electronic Network for Travelers Rapid Inspection program or NEXUS pro-**  
30 **gram, or successor programs.**

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

33 **SECTION 14.** ORS 475B.256 is amended to read:

34 475B.256. (1) The Oregon Liquor Control Commission may revoke, suspend or restrict a license  
35 issued under ORS 475B.010 to 475B.545 or require a licensee or licensee representative to undergo  
36 training if the commission finds or has reasonable ground to believe any of the following to be true:

37 [(1)] (a) That the licensee or licensee representative:

38 [(a)] (A) Has violated a provision of ORS 475B.010 to 475B.545 or a rule adopted under ORS  
39 475B.010 to 475B.545.

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

42 [(c)] (C) Is insolvent or incompetent or physically unable to carry on the management of the  
43 establishment of the licensee.

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

1 [(e)] **(E)** Has misrepresented to a customer or the public any marijuana items sold by the  
2 licensee or licensee representative.

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

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

8 **(2)(a) The commission shall revoke a marijuana retailer license issued under ORS  
9 475B.105 if the licensee fails to:**

10 **(A) Pay the tax as required under ORS 475B.710 twice in any four consecutive quarters  
11 and the Department of Revenue has issued to the licensee a distraint warrant under ORS  
12 475B.715 for the nonpayment of tax; or**

13 **(B) File a return as required under ORS 475B.710 twice in any four consecutive quarters  
14 and the department has issued to the licensee a notice of determination and assessment  
15 under ORS 475B.715 for failure to file a return.**

16 **(b) The department's written notice to the commission that a licensee described under  
17 this subsection has failed to pay a tax or file a return twice in any four consecutive quarters,  
18 and that the department has issued a distraint warrant or notice of determination and as-  
19 sessment, shall constitute prima facie evidence of the licensee's failure to pay the tax or file  
20 a return.**

21 **SECTION 15.** ORS 475B.416, as amended by section 8, chapter 98, Oregon Laws 2018, is  
22 amended to read:

23 475B.416. In addition to any other liability or penalty provided by law, the Oregon Liquor Con-  
24 trol Commission may impose for each violation of a provision of ORS 475B.010 to 475B.545 or a rule  
25 adopted under ORS 475B.010 to 475B.545 a civil penalty that does not exceed [\$5,000] **\$10,000** for  
26 each violation. The commission shall impose civil penalties under this section in the manner pro-  
27 vided by ORS 183.745. Moneys collected under this section shall be deposited in the General Fund.

28 **SECTION 16.** ORS 475B.550 is amended to read:

29 475B.550. As used in ORS 475B.550 to 475B.590:

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

32 (2) "Cannabinoid concentrate or extract" means a substance obtained by separating  
33 cannabinoids from marijuana by a mechanical, chemical or other process.

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

36 (4)(a) "Cannabinoid product" means a cannabinoid edible or any other product intended for hu-  
37 man consumption or use, including a product intended to be applied to a person's skin or hair, that  
38 contains cannabinoids or the dried leaves or flowers of marijuana.

39 (b) "Cannabinoid product" does not include:

40 (A) Usable marijuana by itself;

41 (B) A cannabinoid concentrate or extract by itself; or

42 (C) Industrial hemp, as defined in ORS 571.300.

43 (5)(a) "Marijuana" means the plant Cannabis family Cannabaceae, any part of the plant  
44 Cannabis family Cannabaceae and the seeds of the plant Cannabis family Cannabaceae.

45 (b) "Marijuana" does not include:

1 (A) Industrial hemp, as defined in ORS 571.300; or

2 (B) Prescription drugs, as that term is defined in ORS 689.005, including those containing  
3 one or more cannabinoids, that are approved by the United States Food and Drug Adminis-  
4 tration and dispensed by a pharmacy, as defined in ORS 689.005.

5 (6) "Marijuana item" means marijuana, usable marijuana, a cannabinoid product or a  
6 cannabinoid concentrate or extract.

7 (7) "Processing" means the compounding or conversion of marijuana into cannabinoid products  
8 or cannabinoid concentrates or extracts.

9 (8) "Producing" means:

10 (a) Planting, cultivating, growing, trimming or harvesting marijuana; or

11 (b) Drying marijuana leaves and flowers.

12 (9)(a) "Usable marijuana" means the dried leaves and flowers of marijuana.

13 (b) "Usable marijuana" does not include:

14 (A) The seeds, stalks and roots of marijuana; or

15 (B) Waste material that is a by-product of producing or processing marijuana.

16 **SECTION 17.** ORS 475B.577 is amended to read:

17 475B.577. (1) Notwithstanding the lapse, suspension or revocation of a license issued under ORS  
18 475B.560, the Oregon Liquor Control Commission may:

19 (a) Proceed with any investigation of, or any action or disciplinary proceeding against, the per-  
20 son who held the license; or

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

22 (2) In cases involving the proposed denial of a license issued under ORS [475B.010 to 475B.545]  
23 **475B.560**, the applicant for licensure may not withdraw the applicant's application.

24 **SECTION 18.** ORS 475B.600 is amended to read:

25 475B.600. As used in ORS 475B.600 to 475B.655:

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

28 (2) "Cannabinoid concentrate or extract" means a substance obtained by separating  
29 cannabinoids from marijuana by a mechanical, chemical or other process.

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

32 (4)(a) "Cannabinoid product" means a cannabinoid edible or any other product intended for hu-  
33 man consumption or use, including a product intended to be applied to a person's skin or hair, that  
34 contains cannabinoids or the dried leaves or flowers of marijuana.

35 (b) "Cannabinoid product" does not include:

36 (A) Usable marijuana by itself;

37 (B) A cannabinoid concentrate or extract by itself; or

38 (C) Industrial hemp, as defined in ORS 571.300.

39 (5)(a) "Marijuana" means the plant Cannabis family Cannabaceae, any part of the plant  
40 Cannabis family Cannabaceae and the seeds of the plant Cannabis family Cannabaceae.

41 (b) "Marijuana" does not include:

42 (A) Industrial hemp, as defined in ORS 571.300; or

43 (B) Prescription drugs, as that term is defined in ORS 689.005, including those containing  
44 one or more cannabinoids, that are approved by the United States Food and Drug Adminis-  
45 tration and dispensed by a pharmacy, as defined in ORS 689.005.

1 (6) "Marijuana item" means marijuana, usable marijuana, a cannabinoid product or a  
2 cannabinoid concentrate or extract.

3 (7) "Processing" means the compounding or conversion of marijuana into cannabinoid products  
4 or cannabinoid concentrates or extracts.

5 (8) "Producing" means:

6 (a) Planting, cultivating, growing, trimming or harvesting marijuana; or

7 (b) Drying marijuana leaves and flowers.

8 (9)(a) "Usable marijuana" means the dried leaves and flowers of marijuana.

9 (b) "Usable marijuana" does not include:

10 (A) The seeds, stalks and roots of marijuana; or

11 (B) Waste material that is a by-product of producing or processing marijuana.

12 **SECTION 19.** ORS 475B.705 is amended to read:

13 475B.705. (1) A tax is hereby imposed upon the retail sale of marijuana items in this state. The  
14 tax imposed by this section is a direct tax on the consumer, for which payment upon retail sale is  
15 required. The tax shall be collected at the point of sale of a marijuana item by a marijuana retailer  
16 at the time at which the retail sale occurs.

17 (2) The tax imposed under this section shall be imposed at the rate of:

18 (a) 17 percent of the retail sales price of [*marijuana leaves*] **usable marijuana;**

19 [*17 percent of the retail sales price of marijuana flowers;*]

20 [*c*] (b) 17 percent of the retail sales price of immature marijuana plants;

21 [*d*] (c) 17 percent of the retail sales price of a cannabinoid edible;

22 [*e*] (d) 17 percent of the retail sales price of a cannabinoid concentrate;

23 [*f*] (e) 17 percent of the retail sales price of a cannabinoid extract;

24 [*g*] (f) 17 percent of the retail sales price of a cannabinoid product that is intended to be used  
25 by applying the cannabinoid product to the skin or hair; and

26 [*h*] (g) 17 percent of the retail sales price of cannabinoid products other than those described  
27 in paragraph [*g*] (f) of this subsection.

28 (3) If the tax imposed under this section does not equal an amount calculable to a whole cent,  
29 the tax shall be equal to the next higher whole cent.

30 (4) Except as otherwise provided by the Department of Revenue by rule, the amount of the tax  
31 shall be separately stated on an invoice, receipt or other similar document that the marijuana  
32 retailer provides to the consumer at the time at which the retail sale occurs.

33 (5) A person may not knowingly sell, purchase, install, transfer or possess electronic devices or  
34 software programs for the purposes of:

35 (a) Hiding or removing records of retail sales of marijuana items; or

36 (b) Falsifying records of retail sales of marijuana items.

37 (6)(a) A marijuana retailer may not discount a marijuana item or offer a marijuana item for free  
38 if the retail sale of the marijuana item is made in conjunction with the retail sale of any other item.

39 (b) Paragraph (a) of this subsection does not affect any provision of ORS 475B.010 to 475B.545  
40 or any rule adopted by the Oregon Liquor Control Commission pursuant to ORS 475B.010 to  
41 475B.545 that is related to the retail sale of marijuana items.

42 **SECTION 20.** ORS 475B.710 is amended to read:

43 475B.710. (1) Except as otherwise provided in ORS 475B.700 to 475B.760, the tax imposed upon  
44 the consumer under ORS 475B.705 shall be collected at the point of sale and remitted by each  
45 marijuana retailer that engages in the retail sale of marijuana items. The tax is considered a tax

1 upon the marijuana retailer that is required to collect the tax, and the marijuana retailer is con-  
2 sidered a taxpayer.

3 (2) The marijuana retailer shall file a return to the Department of Revenue on or before the last  
4 day of January, April, July and October of each year for the previous calendar quarter.

5 (3) The marijuana retailer shall pay the tax to the department in the form and manner pre-  
6 scribed by the department, but not later than with each quarterly return, without regard to an ex-  
7 tension granted under subsection (5) of this section.

8 (4) Marijuana retailers shall file the returns required under this section regardless of whether  
9 any tax is owed.

10 (5) For good cause, the department may extend the time for filing a return under this section.  
11 The extension may be granted at any time if a written request is filed with the department during  
12 or prior to the period for which the extension may be granted. The department may not grant an  
13 extension of more than 30 days.

14 (6) Interest shall be added at the rate established under ORS 305.220 from the time the return  
15 was originally required to be filed to the time of payment.

16 (7) If a marijuana retailer fails to file a return or pay the tax as required by this section, the  
17 department shall:

18 (a) Impose a penalty in the manner provided in ORS 314.400[.]; and

19 (b) **If the department has issued to the marijuana retailer a distraint warrant or notice**  
20 **of determination and assessment under ORS 475B.715, provide written notification to the**  
21 **Oregon Liquor Control Commission of the issuance of the distraint warrant or notice of de-**  
22 **termination and assessment.**

23 (8) Except as provided in subsections (9) and (10) of this section, the period prescribed for the  
24 department to allow or make a refund of any overpayment of tax paid under ORS 475B.700 to  
25 475B.760 is as provided in ORS 314.415.

26 (9)(a) The department shall first apply any overpayment of tax by a marijuana retailer to any  
27 marijuana tax that is owed by the marijuana retailer.

28 (b) If after any offset against any delinquent amount the overpayment of tax remains greater  
29 than \$1,000, the remaining refund shall be applied as a credit against the next subsequent calendar  
30 quarter as an estimated payment.

31 (10) The department may not make a refund of, or credit, any overpayment of tax under ORS  
32 475B.700 to 475B.760 that was credited to the account of a marijuana retailer under subsection (9)(b)  
33 of this section if the return for that tax period is not filed within three years after the due date of  
34 that return.

35 **SECTION 21.** ORS 475B.791 is amended to read:

36 475B.791. As used in ORS 475B.785 to 475B.949:

37 (1) "Attending physician" means a physician licensed under ORS chapter 677 who has primary  
38 responsibility for the care and treatment of a person diagnosed with a debilitating medical condition.

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

41 (3) "Cannabinoid concentrate" means a substance obtained by separating cannabinoids from  
42 marijuana by:

43 (a) A mechanical extraction process;

44 (b) A chemical extraction process using a nonhydrocarbon-based solvent, such as vegetable  
45 glycerin, vegetable oils, animal fats, isopropyl alcohol or ethanol;

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

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

5 (4) “Cannabinoid edible” means food or potable liquid into which a cannabinoid concentrate,  
6 cannabinoid extract or dried leaves or flowers of marijuana have been incorporated.

7 (5) “Cannabinoid extract” means a substance obtained by separating cannabinoids from  
8 marijuana by:

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

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

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

15 (6) “Debilitating medical condition” means:

16 (a) Cancer, glaucoma, a degenerative or pervasive neurological condition, positive status for  
17 human immunodeficiency virus or acquired immune deficiency syndrome, or a side effect related to  
18 the treatment of those medical conditions;

19 (b) A medical condition or treatment for a medical condition that produces, for a specific pa-  
20 tient, one or more of the following:

21 (A) Cachexia;

22 (B) Severe pain;

23 (C) Severe nausea;

24 (D) Seizures, including seizures caused by epilepsy; or

25 (E) Persistent muscle spasms, including spasms caused by multiple sclerosis;

26 (c) Post-traumatic stress disorder; or

27 (d) Any other medical condition or side effect related to the treatment of a medical condition  
28 adopted by the Oregon Health Authority by rule or approved by the authority pursuant to a petition  
29 filed under ORS 475B.946.

30 (7)(a) “Delivery” has the meaning given that term in ORS 475.005.

31 (b) “Delivery” does not include transfer of marijuana by a registry identification cardholder to  
32 another registry identification cardholder if no consideration is paid for the transfer.

33 (8)(a) “Designated primary caregiver” means an individual:

34 (A) Who is 18 years of age or older;

35 (B) Who has significant responsibility for managing the well-being of a person who has been  
36 diagnosed with a debilitating medical condition; and

37 (C) Who is designated as the person responsible for managing the well-being of a person who  
38 has been diagnosed with a debilitating medical condition on that person’s application for a registry  
39 identification card or in other written notification submitted to the authority.

40 (b) “Designated primary caregiver” does not include a person’s attending physician.

41 (9) “High heat” means a temperature exceeding 180 degrees.

42 (10) “Immature marijuana plant” means a marijuana plant that is not flowering.

43 (11)(a) “Marijuana” means the plant Cannabis family Cannabaceae, any part of the plant  
44 Cannabis family Cannabaceae and the seeds of the plant Cannabis family Cannabaceae.

45 (b) “Marijuana” does not include:

1 (A) Industrial hemp, as defined in ORS 571.300; or

2 (B) Prescription drugs, as that term is defined in ORS 689.005, including those containing  
3 one or more cannabinoids, that are approved by the United States Food and Drug Adminis-  
4 tration and dispensed by a pharmacy, as defined in ORS 689.005.

5 (12) "Marijuana grow site" means a location registered under ORS 475B.810 where marijuana  
6 is produced for use by a registry identification cardholder.

7 (13) "Marijuana processing site" means a marijuana processing site registered under ORS  
8 475B.840 or a site for which an applicant has submitted an application for registration under ORS  
9 475B.840.

10 (14) "Mature marijuana plant" means a marijuana plant that is not an immature marijuana  
11 plant.

12 (15)(a) "Medical cannabinoid product" means a cannabinoid edible and any other product in-  
13 tended for human consumption or use, including a product intended to be applied to a person's skin  
14 or hair, that contains cannabinoids or dried leaves or flowers of marijuana.

15 (b) "Medical cannabinoid product" does not include:

16 (A) Usable marijuana by itself;

17 (B) A cannabinoid concentrate by itself;

18 (C) A cannabinoid extract by itself; or

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

20 (16) "Medical marijuana dispensary" means a medical marijuana dispensary registered under  
21 ORS 475B.858 or a site for which an applicant has submitted an application for registration under  
22 ORS 475B.858.

23 (17) "Medical use of marijuana" means the production, processing, possession, delivery or ad-  
24 ministration of marijuana, or use of paraphernalia used to administer marijuana, to mitigate the  
25 symptoms or effects of a debilitating medical condition.

26 (18) "Person designated to produce marijuana by a registry identification cardholder" means a  
27 person designated to produce marijuana by a registry identification cardholder under ORS 475B.810  
28 who produces marijuana for a registry identification cardholder at an address other than the address  
29 where the registry identification cardholder resides or at an address where more than 12 mature  
30 marijuana plants are produced.

31 (19) "Process" means the compounding or conversion of marijuana into medical cannabinoid  
32 products, cannabinoid concentrates or cannabinoid extracts.

33 (20) "Production" means:

34 (a) Planting, cultivating, growing, trimming or harvesting marijuana; or

35 (b) Drying marijuana leaves or flowers.

36 (21) "Registry identification card" means a document issued by the Oregon Health Authority  
37 under ORS 475B.797 that identifies a person authorized to engage in the medical use of marijuana  
38 and, if the person has a designated primary caregiver under ORS 475B.804, the person's designated  
39 primary caregiver.

40 (22) "Registry identification cardholder" means a person to whom a registry identification card  
41 has been issued under ORS 475B.797.

42 (23)(a) "Usable marijuana" means the dried leaves and flowers of marijuana.

43 (b) "Usable marijuana" does not include:

44 (A) The seeds, stalks and roots of marijuana; or

45 (B) Waste material that is a by-product of producing marijuana.

1 (24) "Written documentation" means a statement signed by the attending physician of a person  
2 diagnosed with a debilitating medical condition or copies of the person's relevant medical records.

3 **SECTION 22.** The amendments to ORS 475B.074 by section 7 of this 2019 Act apply to  
4 applications for licenses under ORS 475B.070 submitted before, on or after the effective date  
5 of this 2019 Act.

6 **SECTION 23.** The amendments to ORS 475B.256 by section 14 of this 2019 Act apply to  
7 tax years beginning on or after January 1, 2020.

8 **SECTION 24.** The amendments to ORS 475B.705 by section 19 of this 2019 Act apply to  
9 the retail sale of marijuana items occurring on or after January 1, 2020.

10 **SECTION 25.** (1) Sections 1 and 3 of this 2019 Act and the amendments to ORS 475B.015,  
11 475B.025, 475B.045, 475B.096, 475B.186, 475B.199, 475B.206, 475B.211, 475B.216, 475B.256,  
12 475B.416, 475B.550, 475B.577, 475B.600, 475B.705, 475B.710 and 475B.791 by sections 4 to 6 and  
13 8 to 21 of this 2019 Act become operative on January 1, 2020.

14 (2) The Department of Revenue and the Oregon Liquor Control Commission may take any  
15 action before the operative date specified in subsection (1) of this section that is necessary  
16 to enable the department and the commission to exercise, on and after the operative date  
17 specified in subsection (1) of this section, all of the duties, functions and powers conferred  
18 on the department and the commission by sections 1 and 3 of this 2019 Act and the amend-  
19 ments to ORS 475B.015, 475B.025, 475B.045, 475B.096, 475B.186, 475B.199, 475B.206, 475B.211,  
20 475B.216, 475B.256, 475B.416, 475B.550, 475B.577, 475B.600, 475B.705, 475B.710 and 475B.791 by  
21 sections 4 to 6 and 8 to 21 of this 2019 Act.

22 **SECTION 26.** This 2019 Act being necessary for the immediate preservation of the public  
23 peace, health and safety, an emergency is declared to exist, and this 2019 Act takes effect  
24 on its passage.