

HB 2281 -2, -4 STAFF MEASURE SUMMARY

House Committee On Agriculture and Natural Resources

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 1/28, 4/13

WHAT THE MEASURE DOES:

Declares that the development and administration of the Oregon Hemp State Program will move the State of Oregon and its residents to the forefront of the hemp industry. Directs Oregon Department of Agriculture (ODA) to administer the program for production, processing, and sale of hemp. Requires ODA to adopt rules to implement a state plan in accordance with the Agriculture Improvement Act of 2018 (P.L. 115-334) and subsequent federal law; requires that rules conform, but are not more stringent than, the federal law. Authorizes ODA to charge license and license renewal fees in an amount reasonably calculated to pay for the cost of administering the program. Changes term "industrial hemp" to "hemp" and "registered grower" to "licensed grower." Requires ODA to conduct criminal records check of applicants for licensure related to hemp. Authorizes Oregon Health Authority, Oregon Liquor Control Commission, and ODA to take any action necessary to implement Act prior to effective date. Modifies limit to allow for the import and export of hemp products or commodities if it is less than one percent tetrahydrocannabinol and complies with certain statutes, rules, or orders of the federal Agriculture Improvement Act of 2018 (P.L. 115-334). Requires ODA to establish requirements by rule for commercial hemp shipments. Authorizes ODA to define commercial hemp shipment and shipment manifest by rule. Becomes operative January 1, 2022. Takes effect on 91st day following adjournment sine die.

REVENUE: May have revenue impact, but no statement yet issued.

FISCAL: May have fiscal impact, but no statement yet issued.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-2 Specifies that Oregon Department of Agriculture may identify by rule activities related to growing or handling hemp in addition to those described in ORS 571.269, including but not limited to research activities, and may require licensure to engage in those activities.

REVENUE: May have revenue impact, but no statement yet issued.

FISCAL: May have fiscal impact, but no statement yet issued.

-4 Replaces the measure. Directs State Department of Agriculture (ODA) to administer an Oregon Hemp State Program for the production, processing, and sale of hemp in Oregon. Directs ODA to adopt rules to implement a state plan for the production of hemp in accordance with the Agriculture Improvement Act of 2018 (P.L. 115-334) and subsequent federal law. Requires rules to conform to, and not be more restrictive than, rules related to hemp promulgated by federal Department of Agriculture. Changes term "industrial hemp" to "hemp" throughout Act. Changes registration process to licensing process and authorizes ODA to require licensure for other activities related to hemp. Requires ODA to conduct a criminal records check on an individual who submits an application for a grower license and authorizes ODA to require fingerprints for specified individuals for purpose of requesting state or nationwide criminal records check. Makes person convicted of a felony related to a controlled substance under state or federal law ineligible for license to grow hemp for 10 years following date of conviction; does not apply this provision to person registered with ODA to grow hemp prior to December 20, 2018. Establishes authority of person licensed as a grower or handler to, within state boundaries, transport to or receive from a

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licensed person or laboratory hemp or a hemp commodity that contains no more tetrahydrocannabinol (THC) than allowed by ODA by rule under specified conditions. Defines "hemp" as the plant species *Cannabis sativa* that has a THC concentration that complies with the concentration specified by ODA by rule. Authorizes ODA to charge license and license renewal fees; limits all fees to amount reasonably calculated by ODA to pay the cost of administering program. Authorizes ODA to adopt rules to prohibit a licensee from reapplying for a license for a period of time if a licensee violates specified statute, rule, or order. Revises definition of "consumption" for purposes of laboratory testing. Establishes requirements for processor, retailer, or wholesaler to receive, transfer, sell, or transport hemp or hemp commodity or product that contains cannabinoids and is intended for human consumption, including that the person licensed by ODA is registered with Oregon Liquor Control Commission (OLCC) and is provided with, and keeps results of any tests. Authorizes OLCC to impose annual fee on licensed and registered person that is reasonably calculated to not exceed the cost of administering section. Requires deposit of fees collected into Marijuana Control and Regulation Fund. Directs ODA to issue a license to grow or handle hemp on the date the previous registration is due for renewal to grower or handler who registered under ORS 571.281 before the effective date of Act and meets the requirements for registration renewal. Repeals statute governing delivery of industrial hemp to marijuana processor and processing and delivery of hemp marijuana supplements. Repeals statute setting limit on THC content. Makes conforming amendments. Establishes that prohibition on import or export of hemp products or commodities to or from this state does not apply to import or export of hemp products or commodities that contains less than 1 percent THC and conforms with specified law, rule, and order. Directs ODA to establish by rule requirements for a shipment manifest for commercial hemp shipments. Increases ODA limitation on expenditures for implementation of Oregon Hemp State Program by ___ amount. Declares emergency, effective upon passage.

REVENUE: May have revenue impact, but no statement yet issued.

FISCAL: May have fiscal impact, but no statement yet issued.

BACKGROUND:

Industrial hemp is an agricultural product that is subject to regulation by the Oregon Department of Agriculture (ODA) and refers to cannabis varieties that are grown for fiber, seed, oil, or as a cover crop. The legislature has passed a series of laws related to industrial hemp over the past decade. In 2009, the Legislative Assembly enacted Senate Bill 676, which authorized the production, possession, and commerce of industrial hemp commodities in Oregon. Oregon's first industrial hemp grower was licensed by ODA in early 2015. In 2016, House Bill 4060 updated and clarified provisions related to the regulation of industrial hemp and authorized ODA to adopt rules to govern quality, packaging, and labeling of industrial hemp seed. In 2017, House Bill 1015 provided for processing and sales of industrial hemp concentrates and extracts. In 2018, House Bill 4089 established the Oregon Industrial Hemp Agricultural Pilot Program, an agricultural hemp seed certificate program, the Industrial Hemp Fund, and further modified industrial hemp statutes related to testing, regulation, personal possession, and tetrahydrocannabinol concentration limits.

House Bill 2281 would direct the Oregon Department of Agriculture (ODA) to administer the Oregon Hemp State Program for the production, processing, and sale of hemp, and would require ODA to establish by rule, requirements for a shipment manifest for commercial hemp shipments.