

## HB 3112 -14 STAFF MEASURE SUMMARY

### House Committee On Rules

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**Prepared By:** Amie Fender-Sosa

**Sub-Referral To:** Joint Committee On Ways and Means

**Meeting Dates:** 4/19, 5/11, 5/18

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#### WHAT THE MEASURE DOES:

Establishes the Cannabis Equity Board (Board) within the Governor's office to provide equity oversight of Oregon's cannabis industry. Establishes membership, appointed by the Governor and subject to confirmation by the Senate, and duties of the Board. Requires Board, in conjunction with equity liaisons of the Oregon Health Authority (OHA) and the Oregon Liquor Control Commission (OLCC), to annually review and report to the Legislative Assembly on key performance indicators of equity, including the qualification criteria to ensure that holders of licenses issued under this Act represent communities most negatively impacted by cannabis prohibition initiatives and that the Oregon cannabis industry continues to become more racially inclusive. Provides authority to Board, with permission from the Governor, to investigate: (1) failures to report to the Board; (2) misuse of funds distributed by the Board; and (3) complaints regarding the issuance of equity licenses. Establishes the Cannabis Equity Fund (Fund) separate from the General Fund, to be funded by moneys from the Oregon Marijuana Account, which receives marijuana tax revenues. Directs Board to allocate moneys from Fund to: (1) community programs and partners who support landownership, homeownership, and income building through jobs and entrepreneurship for individuals who are American Indian, Alaska Native, Black, Hispanic or Latinx; (2) court costs incurred for orders setting aside qualifying marijuana convictions; (3) programs that support cannabis businesses owned by individuals who are American Indian, Alaska Native, Black, Hispanic or Latinx, which must be culturally competent and include technical assistance; and (4) equity liaison positions. Directs the OLCC to issue a reduced-fee equity license to an applicant who meets certain criteria and has been convicted of a marijuana-related crime or is a member of a minority group that has experienced disproportionate arrest rates for marijuana-related crimes. Directs OLCC to provide application process support. Creates requirements for issuing cannabis on-premise consumption licenses. Expands license types. Establishes process for automatic expungement of qualifying marijuana offenses, including arrests, citations, or convictions. Directs OHA to establish and maintain a public education program regarding marijuana. Takes effect on 91st day following adjournment sine die.

#### ISSUES DISCUSSED:

##### EFFECT OF AMENDMENT:

-14 Adds declarations and data related to cannabis and incarceration, historical and present-day affects on various communities in Oregon. Adds declarations and data related to minority-owned Oregon businesses, wealth-building opportunities, and programs available to support small businesses.

Removes language creating the Cannabis Equity Board. Establishes the Equity Investment and Accountability Board (board) within the office of the Governor, to provide equity oversight over Oregon's cannabis industry. Directs the Governor to appoint at least 13 members from various stakeholder groups, subject to confirmation by the Senate. Requires that members of the board have knowledge of Oregon's cannabis industry and be culturally competent. Provides for a term of four years, but provides a formal process for the Governor to terminate membership prior to expiration of term. Establishes the Equity Investment and Accountability Office (office), within the Office of the Governor. Provides two full-time staff persons for the office. Requires staff not have a financial interest in the cannabis industry.

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Delineates duties of the board, and directs the board with the office, in conjunction with the Oregon Liquor Control Commission (OLCC) and the Oregon Health Authority (OHA), to annually report on key metrics to the Legislative Assembly related to cannabis on a date established by the board in rule.

Establishes the Cannabis Equity Fund (fund). Requires the board and the office to allocate moneys from the fund: 1) to culturally competent community programs and partners; 2) to courts, Oregon State Police, the Judicial Department and office of public defense services; 3) to programs that support minority-owned cannabis business; 4) for equity liaison positions within OHA and OLCC; and 5) for other purposes as chosen by the board. Creates equity license requirements for certain applicants, and a reduced application fee. Requires applicant to submit a social equity plan that satisfies commission guidelines. Of the monies allocated by the board for 1) and 3) above, requires, until January 1, 2032, \$5 million or 25 percent of those monies be used to support recipients of equity licenses. Allows the board (with approval of the Governor) to investigate misuses of moneys and other abuses of the program, and to impose discipline.

Charges the OLCC with the regulation of marijuana on-premises consumption sites. Allows a person to offer on-site consumption and be a retailer or producer at the same location, so long as the areas are physically separated. Allows the sale and consumption of nonalcoholic beverages and food items that do not contain cannabinoids on premises. Allows for concealed, outdoor marijuana smoking areas.

Allows for cannabis delivery licenses and specifies requirements and limitations, including that the delivery of marijuana items may be made to cities or counties that allow marijuana retailers.

Specifies and modifies use of funds in the Oregon Marijuana Account, including retaining allocation to the State Police Account, but requiring funds to be prioritized for expungement-related costs. Makes technical corrections to fund allocations.

More narrowly tailors the types of cannabis-related arrests and convictions that are eligible to be set aside. Modifies the set aside process for qualifying marijuana convictions.

Modifies operative dates.

*FISCAL: Fiscal impact issued*

*REVENUE: Revenue impact issued*

### **BACKGROUND:**

In 1998, Oregon voters passed Ballot Measure 67, which authorized the use of marijuana for medical purposes. Oregon voters then passed Ballot Measure 91 in 2014, which allowed for the creation of a recreational marijuana market. Subsequent legislation allowed individuals to grow, sell, and consume marijuana subject to certain conditions without having to show a medical need. Additionally, starting in 2009, Oregon has allowed for the possession and production of hemp. In 2018, Congress passed the Hemp Farming Act, which allows for the transportation of hemp across state lines subject to certain requirements. Cannabis social equity programs work to remove barriers that have kept persons and communities most impacted by cannabis prohibition out of the legal recreational market. Other states that have recently legalized recreational cannabis, including California, Illinois, Massachusetts, and Michigan, have included social equity provisions as part of their regulatory framework.

House Bill 3112 establishes the Cannabis Equity Board within the Governor's office to provide equity oversight of Oregon's cannabis industry.