

HB 2281 A -8 STAFF MEASURE SUMMARY

House Committee On Rules

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 4/19, 4/20, 5/14, 5/21

WHAT THE MEASURE DOES:

Directs Oregon 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 the 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 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 the 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 the 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 the 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.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

This summary has not been adopted or officially endorsed by action of the committee.

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-8 Replaces measure. Directs Oregon Department of Agriculture (ODA) to administer Oregon Hemp State Program for production, processing, and sale of hemp in Oregon. Requires ODA to adopt rules to implement state plan for production of hemp in accordance with federal Agricultural Improvement Act of 2018 and subsequent federal law. Changes grower registration process to licensing. Changes "industrial hemp" to "hemp." Defines "hemp" as plant species *Cannabis sativa* that has THC level that complies with concentration level specified and has meaning as defined by ODA in rule. Defines "licensee" as a grower, handler, agricultural hemp seed producer, or other person licensed under ORS 571.281. Authorizes ODA to detain, seize, or embargo a crop that exceeds an average THC concentration specified by ODA by rule. Authorizes ODA to adopt rules to prohibit a licensee from reapplying for a license for a period of time specified by rule if the licensee violates specified law, rule, or order. Establishes process for transfer of prior registration to license. Repeals statute prohibiting sale of industrial hemp that contains more than 0.3 percent THC to be sold to consumer by person other than a retailer. Requires ODA to conduct a criminal background check under ORS 181A.195 on individual who submits application for a hemp grower license. Authorizes ODA to require fingerprints of specified applicants. Makes ineligible for a license to grow hemp a person convicted of a felony related to a controlled substance under state or federal law for 10 years following conviction. Except for person registered to grow help before October 31, 2019, authorizes ODA to deny, revoke, or refuse to renew a grower license to licensee or applicant, or person related to applicant as described in Act, if convicted of a felony related to controlled substances under state or federal law during the 10 years following conviction. Authorizes licensee to, within state boundaries, transport to or receive from: (1) licensee or a licensed laboratory, hemp or a hemp commodity that contains no more tetrahydrocannabinol (THC) than allowed by ODA by rule if hemp or hemp used in hemp commodity originated from crop inspected under ORS 571.281 (7) that was found to not contain an average THC concentration exceeding concentration specified by ODA rule or (2) person licensed as marijuana processor, wholesaler, retailer under state law hemp or hemp commodity or product that contains no more THC than allowed by Oregon Liquor Control Commission (OLCC) by rule if hemp or hemp commodity originated from crop inspected under state law that was found not to contain average THC concentration exceeding concentration specified by ODA by rule. Prohibits such hemp or hemp commodity transported or received as being considered a "marijuana item." Makes conforming amendments. Makes various provisions of Act operative on January 1, 2022. Authorizes ODA, OLCC, and Oregon Health Authority to take action before operative date necessary to enable agencies to exercise, on and after operative date, all duties, functions, and powers conferred. Unless the tracking of commercial hemp shipments occurs through a federal or state system, authorizes ODA to establish by rule requirements for shipment manifest for such shipments. Takes effect on 91st day following adjournment sine die.

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

REVENUE: No revenue impact

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, Senate Bill 1015 provided for processing and sale 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

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tetrahydrocannabinol concentration limits.

House Bill 2281 A would direct ODA to administer an Oregon Hemp State Program for the production, processing, and sale of hemp in Oregon and would require ODA to adopt rules to implement a state plan for the production of hemp in accordance with the Agriculture Improvement Act of 2018 and subsequent federal law.