

HB 3112 A STAFF MEASURE SUMMARY**House Committee On Rules****Action Date:** 05/18/21**Action:** Do pass with amendments and be referred to Ways and Means by prior reference.
(Printed A-Eng.)**Vote:** 4-3-0-0**Yeas:** 4 - Fahey, Holvey, Salinas, Smith Warner**Nays:** 3 - Bonham, Drazan, Zika**Fiscal:** Fiscal impact issued**Revenue:** Revenue impact issued**Prepared By:** Amie Fender-Sosa**Meeting Dates:** 4/19, 5/11, 5/18**WHAT THE MEASURE DOES:**

Provides declarations and data related to cannabis and incarceration; historical and present-day effects on various communities in Oregon, including data related to minority-owned Oregon businesses; wealth-building opportunities; and programs available to support small businesses. Establishes Equity Investment and Accountability Board (board) within Governor's office to provide equity oversight over Oregon's cannabis industry. Directs Governor to appoint at least 13 members from various stakeholder groups, subject to confirmation by the Senate. Requires that members of 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 Governor to terminate membership prior to expiration of term. Establishes Equity Investment and Accountability Office (office), within Governor's office. Provides two full-time staff persons for office. Requires staff to not have a financial interest in the cannabis industry. Delineates duties of board, and directs board with office, in conjunction with Oregon Liquor Control Commission (OLCC) and Oregon Health Authority (OHA), to annually report on key metrics to Legislative Assembly on a date established by board in rule. Modifies use of funds in Oregon Marijuana Account. Establishes Cannabis Equity Fund (fund). Requires board and office to allocate moneys from fund: 1) to culturally competent community programs and partners; 2) to courts, Oregon State Police, 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 board. Creates equity license requirements for certain applicants and a reduced application fee. Requires applicant to submit social equity plan that satisfies commission guidelines. Requires \$5 million or 25 percent of moneys allocated by board for 1) and 3) above until January 1, 2032, to be used to support recipients of equity licenses. Requires OLCC to provide support to applicants for equity license during application process and beyond. Allows board, with approval of Governor, to investigate misuses of moneys and other abuses of the program, and to impose discipline. Expands license types. Charges OLCC with regulating 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 areas are physically separated. Allows 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. Creates an automatic expungement process for qualifying cannabis-related crimes. Expands Oregon Medical Marijuana Program to include public education and alcohol and drug use prevention, early intervention, and treatment services for certain populations. Takes effect on 91st day following adjournment sine die.

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ISSUES DISCUSSED:

- The lasting disparate impact of the War on Drugs on communities of color
- Need to reach entrepreneurs of color
- Automatic expungement process and eligibility
- Constitutionality of race-based licensing factors
- Smoking and vaping outside; health and safety of servers; and Clean Air Act
- Equity Investment Fund
- Police enforcement of youth access to cannabis
- Police funding
- Sobriety and field tests for cannabis consumption
- Grandfathering in certain licenses

EFFECT OF AMENDMENT:

Adds declarations and data related to cannabis and incarceration; historical and present-day effects on various communities in Oregon; and minority-owned Oregon businesses, wealth-building opportunities, and programs available to support small businesses. Removes language creating Cannabis Equity Board. Establishes Equity Investment and Accountability Board (board) within Office of the Governor, to provide equity oversight over Oregon's cannabis industry. Directs Governor to appoint at least 13 members from various stakeholder groups, subject to confirmation by the Senate. Requires that members of 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 Governor to terminate membership prior to expiration of term. Establishes Equity Investment and Accountability Office (office), within Office of the Governor. Provides two full-time staff persons for office. Requires staff to not have a financial interest in the cannabis industry. Delineates duties of board, and directs 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 Legislative Assembly on a date established by board in rule. Establishes Cannabis Equity Fund (fund). Requires board and office to allocate moneys from fund: 1) to culturally competent community programs and partners; 2) to courts, Oregon State Police, 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 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. Requires, until January 1, 2032, \$5 million or 25 percent of moneys allocated by board for 1) and 3) above to be used to support recipients of equity licenses. Allows board, with approval of the Governor, to investigate misuses of moneys and other abuses of program, and to impose discipline. Charges OLCC with regulating 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 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 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 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.

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. Cannabis social equity programs work to remove barriers that

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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 A establishes the Equity Investment and Accountability Board and Equity Investment and Accountability Office within the Governor's office to provide equity oversight of Oregon's cannabis industry; creates the Cannabis Equity Fund and identifies specific uses; establishes equity license requirements; charges OLCC with regulating on-premises consumption site; allows for cannabis delivery licenses; and creates an automatic expungement process for qualifying cannabis-related crimes.