

Enrolled
House Bill 2111

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

CHAPTER

AN ACT

Relating to the Oregon Liquor and Cannabis Commission; creating new provisions; amending ORS 25.750, 25.756, 25.780, 165.117, 165.805, 167.780, 181A.010, 181A.265, 181A.275, 181A.355, 181A.550, 181A.840, 181A.845, 221.770, 221.785, 238.005, 244.045, 244.050, 279A.025, 297.210, 317A.100, 459.992, 459A.700, 459A.702, 459A.705, 459A.715, 459A.717, 459A.718, 459A.725, 459A.730, 459A.735, 459A.737, 459A.738, 459A.741, 459A.742, 459A.744, 461.217, 471.001, 471.038, 471.039, 471.040, 471.105, 471.115, 471.130, 471.155, 471.157, 471.159, 471.162, 471.166, 471.168, 471.175, 471.180, 471.182, 471.184, 471.186, 471.190, 471.200, 471.221, 471.223, 471.227, 471.230, 471.235, 471.242, 471.244, 471.251, 471.268, 471.274, 471.282, 471.292, 471.294, 471.297, 471.302, 471.305, 471.311, 471.313, 471.315, 471.316, 471.318, 471.322, 471.326, 471.327, 471.329, 471.331, 471.333, 471.341, 471.342, 471.344, 471.346, 471.351, 471.360, 471.370, 471.375, 471.380, 471.385, 471.396, 471.400, 471.403, 471.404, 471.405, 471.410, 471.412, 471.425, 471.430, 471.442, 471.446, 471.473, 471.475, 471.478, 471.480, 471.482, 471.495, 471.500, 471.510, 471.541, 471.542, 471.547, 471.549, 471.551, 471.553, 471.557, 471.559, 471.561, 471.565, 471.567, 471.605, 471.610, 471.615, 471.630, 471.645, 471.666, 471.695, 471.700, 471.703, 471.705, 471.710, 471.715, 471.720, 471.725, 471.730, 471.732, 471.735, 471.737, 471.740, 471.745, 471.747, 471.750, 471.752, 471.754, 471.757, 471.760, 471.765, 471.770, 471.775, 471.790, 471.795, 471.800, 471.802, 471.805, 471.810, 471.817, 473.020, 473.030, 473.045, 473.047, 473.050, 473.060, 473.065, 473.070, 473.080, 473.100, 473.110, 473.120, 473.130, 473.140, 473.150, 473.160, 473.170, 474.115, 475B.015, 475B.025, 475B.030, 475B.033, 475B.035, 475B.040, 475B.045, 475B.050, 475B.060, 475B.063, 475B.070, 475B.085, 475B.090, 475B.096, 475B.100, 475B.105, 475B.109, 475B.115, 475B.119, 475B.122, 475B.127, 475B.129, 475B.131, 475B.136, 475B.139, 475B.144, 475B.146, 475B.154, 475B.158, 475B.163, 475B.167, 475B.173, 475B.177, 475B.182, 475B.186, 475B.191, 475B.194, 475B.199, 475B.201, 475B.206, 475B.216, 475B.224, 475B.232, 475B.236, 475B.246, 475B.253, 475B.256, 475B.261, 475B.266, 475B.271, 475B.281, 475B.286, 475B.291, 475B.296, 475B.299, 475B.316, 475B.376, 475B.409, 475B.416, 475B.429, 475B.436, 475B.442, 475B.496, 475B.501, 475B.506, 475B.514, 475B.518, 475B.537, 475B.539, 475B.541, 475B.548, 475B.555, 475B.560, 475B.562, 475B.564, 475B.575, 475B.577, 475B.593, 475B.605, 475B.610, 475B.615, 475B.620, 475B.625, 475B.635, 475B.645, 475B.655, 475B.705, 475B.710, 475B.712, 475B.730, 475B.750, 475B.769, 475B.791, 475B.825, 475B.828, 475B.892, 475B.895, 475B.931, 475B.934, 475B.937, 475B.952, 475B.961, 475B.968, 565.515, 571.275, 571.330, 571.336, 571.337, 571.341, 576.871, 576.874, 659A.320 and 802.250 and section 3, chapter 464, Oregon Laws 2019; and declaring an emergency.

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

SECTION 1. ORS 25.750 is amended to read:

25.750. (1) All licenses, certificates, permits or registrations that a person is required by state law to possess in order to engage in an occupation or profession or to use a particular occupational or professional title, all annual licenses issued to individuals by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, all driver licenses or permits issued by the Department of Transportation and recreational hunting and fishing licenses, as defined by rule of the Department of Justice, are subject to suspension by the respective issuing entities upon certification to the issuing entity by the administrator that a child support case record is being maintained by the Department of Justice, that the case is being enforced by the administrator under the provisions of ORS 25.080 and that one or both of the following conditions apply:

(a) That the party holding the license, certificate, permit or registration is in arrears under any child support judgment or order, in an amount equal to the greater of three months of support or \$2,500, and:

(A) Has not entered into an agreement with the administrator with respect to the child support obligation; or

(B) Is not in compliance with an agreement entered into with the administrator; or

(b) That the party holding the license, certificate, permit or registration has failed, after receiving appropriate notice, to comply with a subpoena or other procedural order relating to a parentage or child support proceeding and:

(A) Has not entered into an agreement with the administrator with respect to compliance; or

(B) Is not in compliance with such an agreement.

(2) The Department of Justice by rule shall specify the conditions and terms of agreements, compliance with which precludes the suspension of the license, certificate, permit or registration.

SECTION 2. ORS 25.756 is amended to read:

25.756. The Department of Justice shall enter into agreements regarding the identification of persons who are subject to the provisions of ORS 25.750 to 25.783 and who hold licenses, certificates, permits or registrations with:

(1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**;

(2) All entities that issue licenses, certificates, permits or registrations that a person is required by state law to possess to engage in an occupation, profession or recreational hunting or fishing or to use a particular occupational or professional title; and

(3) The Department of Transportation.

SECTION 3. ORS 25.780 is amended to read:

25.780. In addition to any other grounds for suspension provided by law:

(1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** and any entity that issues licenses, certificates, permits or registrations that a person is required by state law to possess to engage in an occupation, profession or recreational hunting or fishing or to use a particular occupational or professional title shall suspend without further hearing the licenses, certificates, permits or registrations of a person upon certification by the administrator that the person is subject to an order suspending the license, certificate, permit or registration. The certification must include the information specified in ORS 25.750 (1).

(2) The Department of Transportation shall suspend without further hearing the driver license or driver permit of a person upon certification by the administrator that the person is subject to an order suspending the license or permit. The certification must include the information specified in ORS 25.750 (1).

SECTION 4. ORS 165.117 is amended to read:

165.117. (1) Before completing a transaction, a scrap metal business engaged in business in this state shall:

(a) Create a metal property record for the transaction at the time and in the location where the transaction occurs. The record must:

(A) Be accurate and written clearly and legibly in English;

(B) Be entered onto a standardized printed form or an electronic form that is securely stored and is capable of ready retrieval and printing; and

(C) Contain all of the following information:

- (i) The signature of the individual with whom the scrap metal business conducts the transaction.
- (ii) The time, date, location and monetary amount or other value of the transaction.
- (iii) The name of the employee who conducts the transaction on behalf of the scrap metal business.
- (iv) The name and telephone number of the individual with whom the scrap metal business conducts the transaction and a street address or, if a post office box is listed on the government-issued photo identification described in sub-subparagraph (vi) of this subparagraph, a post office box, to which the scrap metal business will mail payment to the individual.
- (v) A description of, and the license number and issuing state shown on the license plate affixed to, the motor vehicle, if any, used to transport the individual who conducts, or the nonferrous metal property or private metal property that is the subject of, the transaction.
- (vi) A photocopy of a current, valid driver license or other government-issued photo identification belonging to the individual with whom the scrap metal business conducts the transaction.
- (vii) A photograph of, or video surveillance recording depicting, a recognizable facial image of the individual with whom the scrap metal business conducts the transaction.
- (viii) A general description of the nonferrous metal property or private metal property that constitutes the predominant part of the transaction. The description must include any identifiable marks on the property, if readily discernible, and must specify the weight, quantity or volume of the nonferrous metal property or private metal property.

(b) Require the individual with whom the scrap metal business conducts a transaction to sign and date a declaration printed in conspicuous type, either on the record described in this subsection or on a receipt issued to the individual with whom the scrap metal business conducts the transaction, that states:

I, _____, AFFIRM UNDER PENALTY OF LAW THAT THE PROPERTY I AM SELLING IN THIS TRANSACTION IS NOT, TO THE BEST OF MY KNOWLEDGE, STOLEN PROPERTY.

(c) Require the employee of the scrap metal business who conducts the transaction on behalf of the scrap metal business to witness the individual sign the declaration, and also to sign and date the declaration in a space provided for that purpose.

(d) For one year following the date of the transaction, keep a copy of the record and the signed and dated declaration described in this subsection. If the scrap metal business uses a video surveillance recording as part of the record kept in accordance with this subsection, the scrap metal business need not keep the video surveillance recording for one year, but shall retain the video surveillance recording for a minimum of 30 days following the date of the transaction. The scrap metal business shall at all times keep the copies at the current place of business for the scrap metal business.

(2) A scrap metal business engaged in business in this state may not do any of the following:

(a) Purchase or receive kegs or similar metallic containers used to store or dispense alcoholic beverages, except from a person that manufactures the kegs or containers or from a person licensed by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** under ORS 471.155.

(b) Conduct a transaction with an individual if the individual does not at the time of the transaction consent to the creation of the record described in subsection (1) of this section and produce for inspection a valid driver license or other government-issued photo identification that belongs to the individual.

(c) Conduct a transaction with an individual in which the scrap metal business pays the individual other than by electronic funds transfer, stored value card or stored value device, or by

mailing a nontransferable check, made payable to the individual, for the amount of the transaction to the street address or post office box the individual provided under subsection (1)(a)(C)(iv) of this section. Payment must be made not earlier than three business days after the date of the transaction. The check, electronic funds transfer or stored value device must be drawn on or must draw from an account that the scrap metal business maintains with a financial institution, as defined in ORS 706.008. A stored value card may be issued by a money transmission business licensed under ORS 717.200 to 717.320 or exempt from the licensing requirement under ORS 717.210.

(d) Purchase metal property from a nonprofit corporation other than by electronic funds transfer, stored value card or stored value device, or by mailing a nontransferable check, made payable to the nonprofit corporation, for the amount of the purchase price to the business address provided under subsection (4)(a)(B) of this section. Payment must be made not earlier than three business days after the date of the purchase. The check, electronic funds transfer or stored value device must be drawn on or must draw from an account that the scrap metal business maintains with a financial institution, as defined in ORS 706.008. A stored value card may be issued by a money transmission business licensed under ORS 717.200 to 717.320 or exempt from the licensing requirement under ORS 717.210.

(e) Cash or release a check issued in payment for a transaction or for a purchase described in paragraph (d) of this subsection other than as provided in this paragraph or paragraph (c) or (d) of this subsection. If a check is not delivered to the intended recipient within 10 days of the date of the transaction or the purchase, the scrap metal business may release the check directly to the individual or nonprofit corporation with the written approval of a law enforcement agency having jurisdiction over the scrap metal business. If a check is returned as undelivered or undeliverable, the scrap metal business shall:

(A) Release the check directly to the individual or nonprofit corporation with the written approval of a law enforcement agency having jurisdiction over the scrap metal business; or

(B) Retain the check until the individual or nonprofit corporation to which the check was mailed provides a valid address in accordance with subsection (1)(a)(C)(iv) or (4)(a)(B) of this section. If after 30 days following the date of the transaction or the purchase described in paragraph (d) of this subsection the individual or nonprofit corporation fails to provide a valid address, the scrap metal business may cancel the check and the individual or nonprofit corporation shall forfeit to the scrap metal business the amount due as payment.

(3) If a scrap metal business obtains the approval of a law enforcement agency under subsection (2)(e) of this section, the scrap metal business shall retain the written approval for one year following the date the approval is received.

(4) Before purchasing or receiving metal property from a commercial seller, a scrap metal business shall:

(a) Create and maintain a commercial account with the commercial seller. As part of the commercial account, the scrap metal business shall enter accurately, clearly and legibly in English onto a standardized printed form, or an electronic form that is securely stored and is capable of ready retrieval and printing, the following information:

(A) The full name of the commercial seller;

(B) The business address and telephone number of the commercial seller; and

(C) The full name of each employee, agent or other individual the commercial seller authorizes to receive payment for metal property from the scrap metal business.

(b) Record as part of the commercial account at the time the scrap metal business purchases or receives metal property from a commercial seller the following information:

(A) The time, date and location at which the commercial seller delivered the metal property for purchase or receipt;

(B) The monetary amount or other value of the metal property;

(C) A description of the type of metal property that constitutes the predominant part of the purchase or receipt; and

(D) The signature of the individual who delivered the metal property to the scrap metal business.

(5) A scrap metal business may require an individual from whom the business obtains metal property to provide the individual's thumbprint to the scrap metal business.

(6) A scrap metal business shall make all records and accounts required to be maintained under this section available to any peace officer on demand.

(7)(a) Violation of this section is a specific fine violation, and the presumptive fine for the violation is \$1,000.

(b) Notwithstanding paragraph (a) of this subsection, the presumptive fine for a violation of a provision of this section is \$5,000 if the scrap metal business has at least three previous convictions for violations of a provision of this section.

SECTION 5. ORS 165.805 is amended to read:

165.805. (1) A person commits the crime of misrepresentation of age by a minor if:

(a) Being less than a certain, specified age, the person knowingly purports to be of any age other than the true age of the person with the intent of securing a right, benefit or privilege which by law is denied to persons under that certain, specified age; or

(b) Being unmarried, the person knowingly represents that the person is married with the intent of securing a right, benefit or privilege which by law is denied to unmarried persons.

(2) Misrepresentation of age by a minor is a Class C misdemeanor.

(3)(a) In addition to and not in lieu of any other penalty established by law, if a person, using a driver permit or license or other identification issued by the Department of Transportation of this state or its equivalent in another state, commits the crime of misrepresentation of age by a minor in order to purchase or consume alcoholic liquor or cannabis:

(A) The person may be required to perform community service; and

(B) The court may order that the person's driving privileges and right to apply for driving privileges be suspended for a period not to exceed one year upon:

(i) The person's second or subsequent conviction or adjudication for an offense described in this paragraph;

(ii) The person's first conviction or adjudication if the person has previously entered into a formal accountability agreement under ORS 419C.230 for an offense described in this paragraph; or

(iii) The person's first conviction or adjudication if the offense involved the operation of a motor vehicle.

(b) If a court has issued an order suspending driving privileges under this section, the court, upon petition of the person, may withdraw the order at any time the court deems appropriate. The court notification to the department under this subsection may include a recommendation that the person be granted a hardship permit under ORS 807.240 if the person is otherwise eligible for the permit.

(4) The prohibitions of this section do not apply to any person acting under the direction of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** or a regulatory specialist or under the direction of state or local law enforcement agencies for the purpose of investigating possible violations of laws prohibiting sales of alcoholic beverages or marijuana items, as defined in ORS 475B.015, to persons who are under a certain, specified age.

(5) The prohibitions of this section do not apply to a person under the age of 21 years who is acting under the direction of a licensee for the purpose of investigating possible violations by employees of the licensee of laws prohibiting sales of alcoholic beverages or marijuana items, as defined in ORS 475B.015, to persons who are under the age of 21 years.

SECTION 6. ORS 167.780 is amended to read:

167.780. (1) As used in this section and ORS 167.775, "vending machine" means a device that, upon the insertion of tokens, money or another form of payment, dispenses tobacco products or inhalant delivery systems.

(2) A person may not sell or dispense tobacco products or inhalant delivery systems from a vending machine, except in an establishment where the premises are permanently and entirely off-

limits to persons under 21 years of age as required by rules adopted by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**.

(3) A person who violates this section commits a Class B violation. Each day that the person commits the violation constitutes a separate offense.

SECTION 7. ORS 181A.010 is amended to read:

181A.010. As used in ORS 181A.010 to 181A.350, unless the context requires otherwise:

(1) "Criminal justice agency" means:

(a) The Governor;

(b) Courts of criminal jurisdiction;

(c) The Attorney General;

(d) District attorneys, city attorneys with criminal prosecutorial functions, attorney employees of the office of public defense services and nonprofit public defender organizations established under contract with the Public Defense Services Commission;

(e) Law enforcement agencies;

(f) The Department of Corrections;

(g) The Oregon Youth Authority;

(h) The State Board of Parole and Post-Prison Supervision;

(i) The Department of Public Safety Standards and Training;

(j) The enforcement division of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** in performing duties related to investigating and enforcing the criminal laws of this state that the commission is charged to enforce;

(k) Regional information systems that share programs to track, identify and remove cross-jurisdictional criminal and terrorist conspiracies; and

(L) Any other state or local agency with law enforcement authority.

(2) "Criminal offender information" includes records and related data as to physical description and vital statistics, fingerprints received and compiled for purposes of identifying criminal offenders and alleged offenders, records of arrests and the nature and disposition of criminal charges, including sentencing, confinement, parole and release.

(3) "Department" means the Department of State Police established under ORS 181A.015.

(4) "Deputy superintendent" means the Deputy Superintendent of State Police appointed under ORS 181A.035.

(5) "Designated agency" means any state, county or municipal government agency where Oregon criminal offender information is required to implement a federal or state statute, executive order or administrative rule that expressly refers to criminal conduct and contains requirements or exclusions expressly based on such conduct or for agency employment purposes, licensing purposes or other demonstrated and legitimate needs when designated by order of the Governor.

(6) "Disposition report" means a form or process prescribed or furnished by the department, containing a description of the ultimate action taken subsequent to an arrest.

(7) "Law enforcement agency" means:

(a) County sheriffs, municipal police departments, police departments established by a university under ORS 352.121 or 353.125 and state police;

(b) Other police officers of this state or another state, including humane special agents as defined in ORS 181A.345;

(c) A tribal government as defined in ORS 181A.680 that employs authorized tribal police officers as defined in ORS 181A.680; and

(d) Law enforcement agencies of the federal government.

(8) "State police" means the sworn members of the state police force appointed under ORS 181A.050.

(9) "Superintendent" means the Superintendent of State Police appointed under ORS 181A.030.

SECTION 8. ORS 181A.265 is amended to read:

181A.265. (1) The Department of State Police or another criminal justice agency that the State Chief Information Officer designates shall operate a Criminal Justice Information Standards program that coordinates information among state criminal justice agencies. The program must:

(a) Ensure that in developing new information systems, data can be retrieved to support evaluating criminal justice planning and programs, including, but not limited to, evaluating the ability of the programs to reduce future criminal conduct;

(b) Ensure that maximum effort is made for the safety of public safety officers;

(c) Establish methods and standards for data interchange and information access between criminal justice information systems, in compliance with information technology rules, policies and standards that the State Chief Information Officer adopts;

(d) Design and implement improved applications for exchange of agency information; and

(e) Implement the capability to exchange images between criminal justice agencies.

(2) The program shall develop a plan to accelerate data sharing and information integration among criminal justice agencies. The plan must include, but is not limited to including, priorities, timelines, development costs, resources needed, the projected ongoing cost of support, critical success factors and any known barriers to accomplishing the plan. The plan must align with and support the Enterprise Information Resources Management Strategy described in ORS 276A.203. Representatives of criminal justice agencies and public safety agencies, including but not limited to local law enforcement agencies, courts of criminal jurisdiction, district attorneys, city attorneys with criminal prosecutive functions, public defender organizations established under ORS chapter 151, community corrections directors, jail managers and county juvenile departments, shall be invited to participate in the planning process. The program shall present the plan to the State Chief Information Officer no later than May 30 of each even-numbered year for development of the Governor's budget. The program shall submit the plan to the Joint Legislative Committee on Information Management and Technology no later than December 31 of each even-numbered year.

(3) Notwithstanding the meaning given "criminal justice agency" in ORS 181A.010, as used in this section and ORS 181A.270, "criminal justice agency" includes, but is not limited to:

(a) The Judicial Department;

(b) The Attorney General;

(c) The Department of Corrections;

(d) The Department of State Police;

(e) Any other state agency with law enforcement authority designated by order of the Governor;

(f) The Department of Transportation;

(g) The State Board of Parole and Post-Prison Supervision;

(h) The Department of Public Safety Standards and Training;

(i) The State Department of Fish and Wildlife;

(j) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**;

(k) The Oregon Youth Authority;

(L) The Youth Development Division; and

(m) A university that has established a police department under ORS 352.121 or 353.125.

SECTION 9. ORS 181A.275 is amended to read:

181A.275. (1) There is established a Criminal Justice Information Standards Advisory Board to advise the Department of State Police or the criminal justice agency that the State Chief Information Officer designates under ORS 181A.265 (1) about the department's or the agency's duties under ORS 181A.265. The board consists of the following members:

(a) The State Court Administrator or the administrator's designee;

(b) The Director of the Department of Corrections or the director's designee;

(c) The Superintendent of State Police or the superintendent's designee;

(d) The executive director of the Oregon Criminal Justice Commission or the executive director's designee;

(e) The Director of Transportation or the director's designee;

(f) The chairperson of the State Board of Parole and Post-Prison Supervision or the chairperson's designee;

(g) The Director of the Department of Public Safety Standards and Training or the director's designee;

(h) A chief of police designated by the Oregon Association Chiefs of Police;

(i) A sheriff designated by the Oregon State Sheriffs' Association;

(j) A jail manager designated by the Oregon Sheriff's Jail Command Council;

(k) A county juvenile department director designated by the Oregon Juvenile Department Directors' Association;

(L) A community corrections agency director designated by the Oregon Association of Community Corrections Directors;

(m) A district attorney designated by the Oregon District Attorneys Association;

(n) The State Chief Information Officer or the State Chief Information Officer's designee;

(o) The Director of the Oregon Youth Authority or the director's designee;

(p) The State Fish and Wildlife Director or the director's designee;

(q) The administrator of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** or the administrator's designee; and

(r) The Youth Development Director or the director's designee.

(2) The board shall meet at such times and places as the board deems necessary.

(3) The members of the board are not entitled to compensation but are entitled to expenses as provided in ORS 292.495.

SECTION 10. ORS 181A.355 is amended to read:

181A.355. As used in ORS 181A.355 to 181A.670, unless the context requires otherwise:

(1) "Abuse" has the meaning given that term in ORS 107.705.

(2) "Board" means the Board on Public Safety Standards and Training appointed pursuant to ORS 181A.360.

(3) "Certified reserve officer" means a reserve officer who has been designated by a local law enforcement unit, has received training necessary for certification and has met the minimum standards and training requirements established under ORS 181A.410.

(4) "Commissioned" means being authorized to perform various acts or duties of a police officer, certified reserve officer or reserve officer and acting under the supervision and responsibility of a county sheriff or as otherwise provided by law.

(5) "Corrections officer" means an officer or member employed full-time by a law enforcement unit who:

(a) Is charged with and primarily performs the duty of custody, control or supervision of individuals convicted of or arrested for a criminal offense and confined in a place of incarceration or detention other than a place used exclusively for incarceration or detention of juveniles; or

(b) Has been certified as a corrections officer described in paragraph (a) of this subsection and has supervisory or management authority for corrections officers described in paragraph (a) of this subsection.

(6) "Department" means the Department of Public Safety Standards and Training.

(7) "Director" means the Director of the Department of Public Safety Standards and Training.

(8) "Domestic violence" means abuse between family or household members.

(9) "Emergency medical dispatcher" means a person who has responsibility to process requests for medical assistance from the public or to dispatch medical care providers.

(10) "Family or household members" has the meaning given that term in ORS 107.705.

(11) "Fire service professional" means a paid or volunteer firefighter, an officer or a member of a public or private fire protection agency that is engaged primarily in fire investigation, fire prevention, fire safety, fire control or fire suppression or providing emergency medical services, light and heavy rescue services, search and rescue services or hazardous materials incident response. "Fire service professional" does not mean forest fire protection agency personnel.

(12) "Law enforcement unit" means:

(a) A police force or organization of the state, a city, university that has established a police department under ORS 352.121 or 353.125, port, school district, mass transit district, county, county service district authorized to provide law enforcement services under ORS 451.010, tribal government as defined in ORS 181A.680 that employs authorized tribal police officers as defined in ORS 181A.680, the Criminal Justice Division of the Department of Justice, the Department of Corrections, the Oregon State Lottery Commission, the Security and Emergency Preparedness Office of the Judicial Department or common carrier railroad the primary duty of which, as prescribed by law, ordinance or directive, is one or more of the following:

(A) Detecting crime and enforcing the criminal laws of this state or laws or ordinances relating to airport security;

(B) The custody, control or supervision of individuals convicted of or arrested for a criminal offense and confined to a place of incarceration or detention other than a place used exclusively for incarceration or detention of juveniles; or

(C) The control, supervision and reformation of adult offenders placed on parole or sentenced to probation and investigation of adult offenders on parole or probation or being considered for parole or probation;

(b) A police force or organization of a private entity with a population of more than 1,000 residents in an unincorporated area the employees of which are commissioned by a county sheriff;

(c) A district attorney's office;

(d) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** with regard to regulatory specialists; or

(e) A humane investigation agency as defined in ORS 181A.340.

(13) "Parole and probation officer" means:

(a) An officer who is employed full-time by the Department of Corrections, a county or a court and who is charged with and performs the duty of:

(A) Community protection by controlling, investigating, supervising and providing or making referrals to reformatory services for adult parolees or probationers or offenders on post-prison supervision; or

(B) Investigating adult offenders on parole or probation or being considered for parole or probation; or

(b) An officer who:

(A) Is certified and has been employed as a full-time parole and probation officer for more than one year;

(B) Is employed part-time by the Department of Corrections, a county or a court; and

(C) Is charged with and performs the duty of:

(i) Community protection by controlling, investigating, supervising and providing or making referrals to reformatory services for adult parolees or probationers or offenders on post-prison supervision; or

(ii) Investigating adult offenders on parole or probation or being considered for parole or probation.

(14) "Police officer" means:

(a) An officer, member or employee of a law enforcement unit employed full-time as a peace officer who is:

(A) Commissioned by a city, port, school district, mass transit district, county, county service district authorized to provide law enforcement services under ORS 451.010, tribal government as defined in ORS 181A.680, the Criminal Justice Division of the Department of Justice, the Oregon State Lottery Commission, a university that has established a police department under ORS 352.121 or 353.125, the Governor or the Department of State Police; and

(B) Responsible for enforcing the criminal laws of this state or laws or ordinances relating to airport security;

(b) An investigator of a district attorney's office if the investigator is or has been certified as a peace officer in this or another state;

- (c) A humane special agent commissioned under ORS 181A.340;
- (d) A judicial marshal appointed under ORS 1.177 who is trained pursuant to ORS 181A.540; or
- (e) An authorized tribal police officer as defined in ORS 181A.680.

(15) "Public or private safety agency" means a unit of state or local government, a special purpose district or a private firm that provides, or has authority to provide, fire fighting, police, ambulance or emergency medical services.

(16) "Public safety personnel" and "public safety officer" include corrections officers, youth correction officers, emergency medical dispatchers, parole and probation officers, police officers, certified reserve officers, reserve officers, telecommunicators, regulatory specialists and fire service professionals.

(17) "Regulatory specialist" has the meaning given that term in ORS 471.001.

(18) "Reserve officer" means an officer or member of a law enforcement unit who is:

(a) A volunteer or employed less than full-time as a peace officer commissioned by a city, port, school district, mass transit district, county, county service district authorized to provide law enforcement services under ORS 451.010, tribal government as defined in ORS 181A.680, the Criminal Justice Division of the Department of Justice, the Oregon State Lottery Commission, a university that has established a police department under ORS 352.121 or 353.125, the Governor or the Department of State Police;

(b) Armed with a firearm; and

(c) Responsible for enforcing the criminal laws and traffic laws of this state or laws or ordinances relating to airport security.

(19) "Telecommunicator" means a person employed as an emergency communications worker as defined in ORS 243.736 or a public safety dispatcher whose primary duties are receiving, processing and transmitting public safety information received through the emergency communications system as defined in ORS 403.105.

(20) "Youth correction officer" means an employee of the Oregon Youth Authority who is charged with and primarily performs the duty of custody, control or supervision of youth offenders confined in a youth correction facility.

SECTION 11. ORS 181A.550 is amended to read:

181A.550. (1) Except for a person who has requested and obtained an extension from the Department of Public Safety Standards and Training under subsection (2) of this section, subject to subsection (3) of this section the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may not employ a person as a regulatory specialist for more than 18 months unless the person is a citizen of the United States who has been certified under ORS 181A.410 as being qualified as a regulatory specialist and the certification has not:

(a) Lapsed; or

(b) Been revoked under ORS 181A.630, 181A.640 and 181A.650 (1) and not reissued under ORS 181A.630 (2).

(2) The department, upon the facts contained in an affidavit accompanying the request for extension, may find good cause for failure to obtain certification within the time period described in subsection (1) of this section. If the department finds that there is good cause for the failure, the department may extend for up to one year the period that a person may serve as a regulatory specialist without certification. The grant or denial of an extension is within the sole discretion of the department.

(3) The citizenship requirement in subsection (1) of this section does not apply to a person employed as a regulatory specialist on March 16, 2012, who continues to serve as a regulatory specialist without a lapse under subsection (4) of this section.

(4) The certification of a regulatory specialist shall lapse after three or more consecutive months of not being employed as a regulatory specialist unless the regulatory specialist is on leave from the commission. Upon reemployment as a regulatory specialist, the person whose certification has lapsed may apply to be certified under ORS 181A.355 to 181A.670.

(5) The commission shall pay the costs of training required for a regulatory specialist to be certified by the department.

SECTION 12. ORS 181A.840 is amended to read:

181A.840. As used in ORS 181A.360, 181A.840 to 181A.891, 181A.895 and 181A.995:

(1) "Certification" means recognition by the Department of Public Safety Standards and Training that a private security professional meets all of the qualifications listed in ORS 181A.855.

(2) "Executive manager" means a person:

(a) Who is authorized to act on behalf of a company or business in matters of licensure and certification;

(b) Who is authorized to hire and terminate personnel;

(c) Whose primary responsibility is the management of certified private security professionals; and

(d) Who has final responsibility for a company's or business's compliance with ORS 181A.840 to 181A.891.

(3) "Instructor" means any person who has been certified by the department as meeting the requirements to provide instruction to private security providers or applicants.

(4) "License" means recognition by the department that an executive manager or supervisory manager meets the requirements adopted by the Board on Public Safety Standards and Training as necessary to provide private security services.

(5) "Primary responsibility" means an activity that is fundamental to, and required or expected in, the regular course of employment and is not merely incidental to employment.

(6) "Private security professional" means an individual who performs, as the individual's primary responsibility, private security services for consideration, regardless of whether the individual, while performing the private security services, is armed or unarmed or wears a uniform or plain clothes, and regardless of whether the individual is employed part-time or full-time to perform private security services.

(7) "Private security provider" means any individual who performs the functions of a private security professional, executive manager, supervisory manager or instructor.

(8) "Private security services" means the performance of at least one of the following activities:

(a) Observing and reporting unlawful activity.

(b) Preventing or detecting theft or misappropriation of goods, money or other items of value.

(c) Protecting individuals or property, including but not limited to proprietary information, from harm or misappropriation.

(d) Controlling access to premises being protected or, with respect to a licensee of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, controlling access to premises at an entry to the premises or any portion of the premises where minors are prohibited.

(e) Securely moving prisoners.

(f) Taking enforcement action by detaining persons or placing persons under arrest under ORS 133.225.

(g) Providing canine services for guarding premises or for detecting unlawful devices or substances.

(9) "Supervisory manager" means an employee of or a person supervised by an executive manager who has as a primary responsibility the supervision of certified private security professionals.

SECTION 13. ORS 181A.845 is amended to read:

181A.845. (1) ORS 181A.840 to 181A.891 do not apply to:

(a) A person certified by the Department of Public Safety Standards and Training as a police officer or a parole and probation officer.

(b) A law enforcement officer of the United States.

(c) An officer or employee of this state, Oregon Health and Science University established by ORS 353.020 or the United States while performing duties of the office or employment.

(d) A person appointed or commissioned by the Governor to perform law enforcement or security services.

- (e) An attorney admitted to practice law in this state while engaged in the practice of law.
- (f) An insurance adjuster licensed in this state while performing duties authorized by the license.
- (g) A person who monitors alarm systems that are not designed to detect threats to public safety or personal well-being.
- (h) A person while protecting the person's property.
- (i) A person who repairs and installs intrusion alarms while repairing or installing intrusion alarms.
- (j) A person acting as an investigator as defined in ORS 703.401.
- (k) A person performing crowd management or guest services, including, but not limited to, a person described as a ticket taker, an usher, a parking attendant or event staff.
- (L) A person who has a valid service permit issued by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** pursuant to ORS 471.360 and who is an employee of a licensee of the commission when the person is performing age verification and controlling access to premises of the licensee, if the person is not:
 - (A) Armed;
 - (B) Permitted to initiate confrontational activities, including physical contact and the confiscation of property; or
 - (C) Hired with the primary responsibility of taking enforcement action as described in ORS 181A.840 (8)(f).
- (m) A person performing security services at a facility regulated by the United States Nuclear Regulatory Commission if the facility is operated by the person's employer.
- (n) An individual while on active duty as a member of the armed services or while performing duties as a law enforcement officer.
- (o) An employee of a financial institution who has been designated as a security officer for the financial institution pursuant to the Bank Protection Act of 1968 (12 U.S.C. 1881 et seq.) and regulations adopted under the act.
- (p) A person who provides security services as a volunteer or for de minimis consideration other than money for an event operated for the benefit of a corporation that is organized not for profit pursuant to ORS chapter 65 or any predecessor of ORS chapter 65 or that is exempt from taxation under section 501(a) of the Internal Revenue Code as an organization described in section 501(c) of the Internal Revenue Code.
- (q) A student enrolled in a community college as defined in ORS 341.005 while engaged in non-confrontational activities that contribute to campus safety under the direct or indirect supervision of a law enforcement professional or private security professional certified or licensed by the Department of Public Safety Standards and Training, provided the community college has conducted a criminal background check on the student.
 - (2) The exemption provided by subsection (1)(k) of this section applies only:
 - (a) To a person who is not:
 - (A) Armed;
 - (B) Permitted to initiate confrontational activities, including physical contact and the confiscation of property; or
 - (C) Hired with the primary responsibility of taking enforcement action as described in ORS 181A.840 (8)(f);
 - (b) If there is at least one person on-site who is certified or licensed under ORS 181A.870 for every 10 or fewer uncertified persons performing the services described in subsection (1)(k) of this section;
 - (c) If any enforcement action, as described in ORS 181A.840 (8)(f), other than incidental or temporary action, is taken by or under the supervision of a person certified or licensed under ORS 181A.870; and
 - (d) During the time when a crowd has assembled for the purpose of attending or taking part in an organized event, including pre-event assembly, event operation hours and post-event departure activities.

(3) The exemption provided by subsection (1)(L) of this section does not apply during an organized event that is on a scale substantially outside the ordinary course of the licensee's business.

SECTION 14. ORS 221.770 is amended to read:

221.770. (1) A share of certain revenues of this state shall be apportioned among and distributed to the cities of this state for general purposes as provided in this section. A city shall not be included in apportionments or receive distributions under this section for a fiscal year commencing on July 1 unless the city:

(a) Elects to receive distributions under this section for the fiscal year by enactment of an ordinance or resolution expressing that election and filing a copy of that ordinance or resolution with the Oregon Department of Administrative Services not later than July 31 of the fiscal year;

(b) Holds at least one public hearing, after adequate public notice, at which citizens have the opportunity to provide written and oral comment to the authority responsible for approving the proposed budget of the city for the fiscal year on the possible uses of the distributions, including offset against property tax levies by the city for the fiscal year, and certifies its compliance with this paragraph to the Oregon Department of Administrative Services not later than July 31 of the fiscal year;

(c) Holds at least one public hearing, after adequate public notice, at which citizens have the opportunity to provide written and oral comment to, and ask questions of, the authority responsible for adopting the budget of the city for the fiscal year on the proposed use of the distributions in relation to the entire budget of the city for the fiscal year, including possible offset of the distributions against property tax levies by the city for the fiscal year, and certifies its compliance with this paragraph to the Oregon Department of Administrative Services not later than July 31 of the fiscal year; and

(d) Levied a property tax for the year preceding the year in which revenue sharing is due under ORS 471.810 and this section.

(2) Not later than 35 days after the last day of each calendar quarter ending March 31, June 30, September 30 and December 31, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall determine the amount of the net revenue under ORS 471.805, received during the preceding calendar quarter and shall certify that amount to the Oregon Department of Administrative Services.

(3) In addition to amounts otherwise apportioned to cities under ORS 471.810, not later than 20 days after the date the Oregon Department of Administrative Services receives a certification under subsection (2) of this section, the department shall apportion among the cities of this state in the manner provided in subsection (4) of this section an amount equal to 14 percent of the amount so certified, and shall pay to each city the amount so apportioned to the city. Payments shall be made from the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** Account.

(4) The amount apportioned to each city under subsection (3) of this section shall be a percentage of the total amount to be apportioned among the cities determined by dividing the adjusted population of the city by the sum of the adjusted populations of all cities. The adjusted population of a city shall be determined by multiplying the city's population by the sum of:

(a) The city's local consolidated property taxes per capita divided by the average consolidated property taxes per capita for all cities in the state; and

(b) The amount of state income per capita divided by the amount of city income per capita.

(5) The amount apportioned to each city shall be further limited to an amount no greater than the amount of all property taxes levied by the city during the year previous to the year in which distributions are made.

(6) For purposes of the formula set forth in subsection (4) of this section, "city population" is the population of a city as last determined under ORS 190.510 to 190.590.

(7)(a) For purposes of the formula set forth in subsection (4) of this section, "local consolidated property taxes" has the meaning given in subsection (8) of this section, for a city divided by the population of the city as last determined under ORS 190.510 to 190.590.

(b) The Oregon Department of Administrative Services shall determine the amounts of property taxes for each city during the fiscal year closing on June 30 preceding the fiscal year commencing on July 1 for which calendar quarter apportionments are made, and that determination shall be used for each calendar quarter apportionment for that fiscal year commencing on July 1.

(8) For purposes of subsection (7) of this section “consolidated property taxes” are the total of all compulsory contributions in the form of ad valorem taxes on property located within a city levied during a one-year period by the city, a county, any school district and any special governmental district for public purposes and in amounts as compiled by the Department of Revenue on the basis of application of consolidated tax rates to assessor code area valuations.

(9) For purposes of the formula set forth in subsection (4) of this section, “income per capita” is the estimated average annual money income of residents of this state and of residents of each city of this state, respectively, based upon the latest information available from the most recent federal decennial census.

(10) A city receiving a distribution under this section may return all or any part of the distribution to the Oregon Department of Administrative Services, which shall deposit the returned distribution or part thereof in the General Fund to be available for payment of the general expenses of the state.

SECTION 15. ORS 221.785 is amended to read:

221.785. (1) Notwithstanding ORS 221.770, 323.455, 366.785 to 366.820 and 471.810, when a proceeding challenging the validity of the incorporation of a city is commenced before a court or administrative agency of this state within two years after the incorporation, if the court or agency determines that the incorporation is invalid, moneys otherwise payable to the city under ORS 221.770, 323.455, 366.785 to 366.820 and 471.810 shall not be distributed to the city, but shall be deposited with the State Treasurer as provided in subsection (3) of this section.

(2) Not later than 30 days after the issuance of an order or judgment declaring the incorporation of a city invalid, the party challenging the incorporation shall send a certified copy of the order or judgment to the State Treasurer, Department of Transportation, Department of Revenue and the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**.

(3) Upon receiving a certified copy of the order or judgment under subsection (2) of this section, the state officer or department having responsibility for the distribution of moneys under ORS 221.770, 323.455, 366.785 to 366.820 and 471.810 shall deposit those moneys in an escrow account administered by the State Treasurer.

(4) Upon final determination of the validity of an incorporation by judgment rendered by the highest court in which a decision could be had, the moneys in the escrow account established under subsection (3) of this section shall be distributed as follows:

(a) If the incorporation is determined to be valid, to the city.

(b) If the incorporation is determined to be invalid, each city in this state shall receive such share of the moneys as its population bears to the total population of the cities of the state.

(5) The State Treasurer, upon receiving a certified copy of the judgment of the court which constitutes the final determination of the validity of the challenged incorporation shall distribute moneys in the escrow account as provided in subsection (4) of this section.

(6) The State Treasurer shall retain interest earned on moneys deposited in the escrow account and shall distribute the interest in the same manner as other moneys in the account are distributed.

SECTION 16. ORS 238.005 is amended to read:

238.005. For purposes of this chapter:

(1) “Active member” means a member who is presently employed by a participating public employer in a qualifying position and who has completed the six-month period of service required by ORS 238.015.

(2) “Annuity” means payments for life derived from contributions made by a member as provided in this chapter.

(3) “Board” means the Public Employees Retirement Board.

(4) "Calendar year" means 12 calendar months commencing on January 1 and ending on December 31 following.

(5) "Continuous service" means service not interrupted for more than five years, except that such continuous service shall be computed without regard to interruptions in the case of:

(a) An employee who had returned to the service of the employer as of January 1, 1945, and who remained in that employment until having established membership in the Public Employees Retirement System.

(b) An employee who was in the armed services on January 1, 1945, and returned to the service of the employer within one year of the date of being otherwise than dishonorably discharged and remained in that employment until having established membership in the Public Employees Retirement System.

(6) "Creditable service" means any period of time during which an active member is being paid a salary by a participating public employer and for which benefits under this chapter are funded by employer contributions and earnings on the fund. For purposes of computing years of "creditable service," full months and major fractions of a month shall be considered to be one-twelfth of a year and shall be added to all full years. "Creditable service" includes all retirement credit received by a member.

(7) "Earliest service retirement age" means the age attained by a member when the member could first make application for retirement under the provisions of ORS 238.280.

(8) "Employee" includes, in addition to employees, public officers, but does not include:

(a) Persons engaged as independent contractors.

(b) Seasonal, emergency or casual workers whose periods of employment with any public employer or public employers do not total 600 hours in any calendar year.

(c) Persons provided sheltered employment or made-work by a public employer in an employment or industries program maintained for the benefit of such persons.

(d) Persons employed and paid from federal funds received under a federal program intended primarily to alleviate unemployment. However, any such person shall be considered an "employee" if not otherwise excluded by paragraphs (a) to (c) of this subsection and the public employer elects to have the person so considered by an irrevocable written notice to the board.

(e) Persons who are employees of a railroad, as defined in ORS 824.020, and who, as such employees, are included in a retirement plan under federal railroad retirement statutes. This paragraph shall be deemed to have been in effect since the inception of the system.

(f) Persons employed in positions classified as post-doctoral scholar positions by a public university listed in ORS 352.002, or by the Oregon Health and Science University, under ORS 350.370.

(9) "Final average salary" means whichever of the following is greater:

(a) The average salary per calendar year paid by one or more participating public employers to an employee who is an active member of the system in three of the calendar years of membership before the effective date of retirement of the employee, in which three years the employee was paid the highest salary. The three calendar years in which the employee was paid the largest total salary may include calendar years in which the employee was employed for less than a full calendar year. If the number of calendar years of active membership before the effective date of retirement of the employee is three or fewer, the final average salary for the employee is the average salary per calendar year paid by one or more participating public employers to the employee in all of those years, without regard to whether the employee was employed for the full calendar year.

(b) One-third of the total salary paid by a participating public employer to an employee who is an active member of the system in the last 36 calendar months of active membership before the effective date of retirement of the employee.

(10) "Firefighter" does not include a volunteer firefighter, but does include:

(a) The State Fire Marshal, the chief deputy fire marshal and deputy state fire marshals;

(b) An employee of the State Forestry Department who is certified by the State Forester as a professional wildland firefighter and whose primary duties include the abatement of uncontrolled fires as described in ORS 477.064; and

(c) An employee of the Oregon Military Department whose primary duties include fighting structural, aircraft, wildland or other fires.

(11) "Fiscal year" means 12 calendar months commencing on July 1 and ending on June 30 following.

(12) "Fund" means the Public Employees Retirement Fund.

(13) "Inactive member" means a member who is not employed in a qualifying position, whose membership has not been terminated in the manner described by ORS 238.095 and who is not retired for service or disability.

(14) "Institution of higher education" means a public university listed in ORS 352.002, the Oregon Health and Science University and a community college, as defined in ORS 341.005.

(15) "Member" means a person who has established membership in the system and whose membership has not been terminated as described in ORS 238.095. "Member" includes active, inactive and retired members.

(16) "Member account" means the regular account and the variable account.

(17) "Normal retirement age" means:

(a) For a person who establishes membership in the system before January 1, 1996, as described in ORS 238.430, 55 years of age if the employee retires at that age as a police officer or firefighter or 58 years of age if the employee retires at that age as other than a police officer or firefighter.

(b) For a person who establishes membership in the system on or after January 1, 1996, as described in ORS 238.430, 55 years of age if the employee retires at that age as a police officer or firefighter or 60 years of age if the employee retires at that age as other than a police officer or firefighter.

(18) "Pension" means annual payments for life derived from contributions by one or more public employers.

(19) "Police officer" includes:

(a) Employees of institutions defined in ORS 421.005 as Department of Corrections institutions whose duties, as assigned by the Director of the Department of Corrections, include the custody of persons committed to the custody of or transferred to the Department of Corrections and employees of the Department of Corrections who were classified as police officers on or before July 27, 1989, whether or not such classification was authorized by law.

(b) Employees of the Department of State Police who are classified as police officers by the Superintendent of State Police.

(c) Employees of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** who are classified as regulatory specialists by the administrator of the commission.

(d) Sheriffs and those deputy sheriffs or other employees of a sheriff whose duties, as classified by the sheriff, are the regular duties of police officers or corrections officers.

(e) Police chiefs and police personnel of a city who are classified as police officers by the council or other governing body of the city.

(f) Police officers who are commissioned by a university under ORS 352.121 or 353.125 and who are classified as police officers by the university.

(g) Parole and probation officers employed by the Department of Corrections, parole and probation officers who are transferred to county employment under ORS 423.549 and adult parole and probation officers, as defined in ORS 181A.355, who are classified as police officers for the purposes of this chapter by the county governing body. If a county classifies adult parole and probation officers as police officers for the purposes of this chapter, and the employees so classified are represented by a labor organization, any proposal by the county to change that classification or to cease to classify adult parole and probation officers as police officers for the purposes of this chapter is a mandatory subject of bargaining.

(h) Police officers appointed under ORS 276.021 or 276.023.

(i) Employees of the Port of Portland who are classified as airport police by the Board of Commissioners of the Port of Portland.

(j) Employees of the State Department of Agriculture who are classified as livestock police officers by the Director of Agriculture.

(k) Employees of the Department of Public Safety Standards and Training who are classified by the department as other than secretarial or clerical personnel.

(L) Investigators of the Criminal Justice Division of the Department of Justice.

(m) Corrections officers as defined in ORS 181A.355.

(n) Employees of the Oregon State Lottery Commission who are classified by the Director of the Oregon State Lottery as enforcement agents pursuant to ORS 461.110.

(o) The Director of the Department of Corrections.

(p) An employee who for seven consecutive years has been classified as a police officer as defined by this section, and who is employed or transferred by the Department of Corrections to fill a position designated by the Director of the Department of Corrections as being eligible for police officer status.

(q) An employee of the Department of Corrections classified as a police officer on or prior to July 27, 1989, whether or not that classification was authorized by law, as long as the employee remains in the position held on July 27, 1989. The initial classification of an employee under a system implemented pursuant to ORS 240.190 does not affect police officer status.

(r) Employees of a school district who are appointed and duly sworn members of a law enforcement agency of the district as provided in ORS 332.531 or otherwise employed full-time as police officers commissioned by the district.

(s) Employees at youth correction facilities and juvenile detention facilities under ORS 419A.050, 419A.052 and 420.005 to 420.915 who are required to hold valid Oregon teaching licenses and who have supervisory, control or teaching responsibilities over juveniles committed to the custody of the Department of Corrections or the Oregon Youth Authority.

(t) Employees at youth correction facilities as defined in ORS 420.005 whose primary job description involves the custody, control, treatment, investigation or supervision of juveniles placed in such facilities.

(u) Employees of the Oregon Youth Authority who are classified as juvenile parole and probation officers.

(v) Employees of the Department of Human Services who are prohibited from striking under ORS 243.726 and whose duties include the care of residents of residential facilities, as defined in ORS 443.400, that house individuals with intellectual or developmental disabilities.

(20) "Prior service credit" means credit provided under ORS 238.442 or under ORS 238.225 (2) to (6) (1999 Edition).

(21) "Public employer" means the state, one of its agencies, any city, county, or municipal or public corporation, any political subdivision of the state or any instrumentality thereof, or an agency created by one or more such governmental organizations to provide governmental services. For purposes of this chapter, such agency created by one or more governmental organizations is a governmental instrumentality and a legal entity with power to enter into contracts, hold property and sue and be sued.

(22) "Qualifying position" means one or more jobs with one or more participating public employers in which an employee performs 600 or more hours of service in a calendar year, excluding any service in a job for which a participating public employer does not provide benefits under this chapter pursuant to an application made under ORS 238.035.

(23) "Regular account" means the account established for each active and inactive member under ORS 238.250.

(24) "Retired member" means a member who is retired for service or disability.

(25) "Retirement credit" means a period of time that is treated as creditable service for the purposes of this chapter.

(26)(a) "Salary" means the remuneration paid an employee in cash out of the funds of a public employer in return for services to the employer, plus the monetary value, as determined by the

Public Employees Retirement Board, of whatever living quarters, board, lodging, fuel, laundry and other advantages the employer furnishes the employee in return for services.

(b) "Salary" includes but is not limited to:

(A) Payments of employee and employer money into a deferred compensation plan, which are deemed salary paid in each month of deferral;

(B) The amount of participation in a tax-sheltered or deferred annuity, which is deemed salary paid in each month of participation;

(C) Retroactive payments described in ORS 238.008; and

(D) Wages of a deceased member paid to a surviving spouse or dependent children under ORS 652.190.

(c) "Salary" or "other advantages" does not include:

(A) Travel or any other expenses incidental to employer's business which is reimbursed by the employer;

(B) Payments for insurance coverage by an employer on behalf of employee or employee and dependents, for which the employee has no cash option;

(C) Payments made on account of an employee's death;

(D) Any lump sum payment for accumulated unused sick leave;

(E) Any accelerated payment of an employment contract for a future period or an advance against future wages;

(F) Any retirement incentive, retirement severance pay, retirement bonus or retirement gratuitous payment;

(G) Payments for periods of leave of absence after the date the employer and employee have agreed that no future services qualifying pursuant to ORS 238.015 (3) will be performed, except for sick leave and vacation;

(H) Payments for instructional services rendered to public universities listed in ORS 352.002 or the Oregon Health and Science University when such services are in excess of full-time employment subject to this chapter. A person employed under a contract for less than 12 months is subject to this subparagraph only for the months to which the contract pertains;

(I) Payments made by an employer for insurance coverage provided to a domestic partner of an employee;

(J) Compensation described and authorized under ORS 341.556 that is not paid by the community college employing the faculty member;

(K) Compensation described and authorized under ORS 352.232 that is not paid by the public university employing the officer or employee;

(L) Compensation described and authorized under ORS 353.270 that is not paid by Oregon Health and Science University; or

(M) For years beginning on or after January 1, 2020, any amount in excess of \$195,000 for a calendar year. If any period over which salary is determined is less than 12 months, the \$195,000 limitation for that period shall be multiplied by a fraction, the numerator of which is the number of months in the determination period and the denominator of which is 12. On January 1 of each year, the board shall adjust the dollar limit provided by this subparagraph to reflect any percentage changes in the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor.

(27) "School year" means the period beginning July 1 and ending June 30 next following.

(28) "System" means the Public Employees Retirement System.

(29) "Variable account" means the account established for a member who participates in the Variable Annuity Account under ORS 238.260.

(30) "Vested" means being an active member of the system in each of five calendar years.

(31) "Volunteer firefighter" means a firefighter whose position normally requires less than 600 hours of service per year.

SECTION 17. ORS 244.045 is amended to read:

244.045. (1) A person who has been a Public Utility Commissioner, the Director of the Department of Consumer and Business Services, the Administrator of the Division of Financial Regulation, the administrator of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** or the Director of the Oregon State Lottery may not:

(a) Within one year after the public official ceases to hold the position become an employee of or receive any financial gain, other than reimbursement of expenses, from any private employer engaged in the activity, occupation or industry over which the former public official had authority; or

(b) Within two years after the public official ceases to hold the position:

(A) Be a lobbyist for or appear as a representative before the agency over which the person exercised authority as a public official;

(B) Influence or try to influence the actions of the agency; or

(C) Disclose any confidential information gained as a public official.

(2) A person who has been a Deputy Attorney General or an assistant attorney general may not, within two years after the person ceases to hold the position, lobby or appear before an agency that the person represented while employed by the Department of Justice.

(3) A person who has been the State Treasurer or the Deputy State Treasurer may not, within one year after ceasing to hold office:

(a) Accept employment from or be retained by any private entity with whom the office of the State Treasurer or the Oregon Investment Council negotiated or to whom either awarded a contract providing for payment by the state of at least \$25,000 in any single year during the term of office of the treasurer;

(b) Accept employment from or be retained by any private entity with whom the office of the State Treasurer or the Oregon Investment Council placed at least \$50,000 of investment moneys in any single year during the term of office of the treasurer; or

(c) Be a lobbyist for an investment institution, manager or consultant, or appear before the office of the State Treasurer or Oregon Investment Council as a representative of an investment institution, manager or consultant.

(4) A public official who as part of the official's duties invested public funds may not within two years after the public official ceases to hold the position:

(a) Be a lobbyist or appear as a representative before the agency, board or commission for which the former public official invested public funds;

(b) Influence or try to influence the agency, board or commission; or

(c) Disclose any confidential information gained as a public official.

(5)(a) A person who has been a member of the Department of State Police, who has held a position with the department with the responsibility for supervising, directing or administering programs relating to gaming by a Native American tribe or the Oregon State Lottery and who has been designated by the Superintendent of State Police by rule may not, within one year after the member of the Department of State Police ceases to hold the position:

(A) Accept employment from or be retained by or receive any financial gain related to gaming from the Oregon State Lottery or any Native American tribe;

(B) Accept employment from or be retained by or receive any financial gain from any private employer selling or offering to sell gaming products or services;

(C) Influence or try to influence the actions of the Department of State Police; or

(D) Disclose any confidential information gained as a member of the Department of State Police.

(b) This subsection does not apply to:

(A) Appointment or employment of a person as an Oregon State Lottery Commissioner or as a Tribal Gaming Commissioner or regulatory agent thereof;

(B) Contracting with the Oregon State Lottery as a lottery game retailer;

(C) Financial gain received from personal gaming activities conducted as a private citizen; or

(D) Subsequent employment in any capacity by the Department of State Police.

(c) As used in this subsection, “Native American tribe” means any recognized Native American tribe or band of tribes authorized by the Indian Gaming Regulatory Act of October 17, 1988 (Public Law 100-497), 25 U.S.C. 2701 et seq., to conduct gambling operations on tribal land.

(6) A person who has been a member of the Legislative Assembly may not, within one year after ceasing to be a member of the Legislative Assembly, receive money or any other consideration for lobbying as defined in ORS 171.725.

SECTION 18. ORS 244.050 is amended to read:

244.050. (1) On or before April 15 of each year the following persons shall file with the Oregon Government Ethics Commission a verified statement of economic interest as required under this chapter:

(a) The Governor, Secretary of State, State Treasurer, Attorney General, Commissioner of the Bureau of Labor and Industries, district attorneys and members of the Legislative Assembly.

(b) Any judicial officer, including justices of the peace and municipal judges, except any pro tem judicial officer who does not otherwise serve as a judicial officer.

(c) Any candidate for a public office designated in paragraph (a) or (b) of this subsection.

(d) The Deputy Attorney General.

(e) The Deputy Secretary of State.

(f) The Legislative Administrator, the Legislative Counsel, the Legislative Fiscal Officer, the Legislative Policy and Research Director, the Secretary of the Senate, the Chief Clerk of the House of Representatives and the Legislative Equity Officer.

(g) The president and vice presidents, or their administrative equivalents, in each public university listed in ORS 352.002.

(h) The following state officers:

(A) Adjutant General.

(B) Director of Agriculture.

(C) Manager of State Accident Insurance Fund Corporation.

(D) Water Resources Director.

(E) Director of Department of Environmental Quality.

(F) Director of Oregon Department of Administrative Services.

(G) State Fish and Wildlife Director.

(H) State Forester.

(I) State Geologist.

(J) Director of Human Services.

(K) Director of the Department of Consumer and Business Services.

(L) Director of the Department of State Lands.

(M) State Librarian.

(N) Administrator of [*Oregon Liquor Control Commission*] **the Oregon Liquor and Cannabis Commission.**

(O) Superintendent of State Police.

(P) Director of the Public Employees Retirement System.

(Q) Director of Department of Revenue.

(R) Director of Transportation.

(S) Public Utility Commissioner.

(T) Director of Veterans’ Affairs.

(U) Executive director of Oregon Government Ethics Commission.

(V) Director of the State Department of Energy.

(W) Director and each assistant director of the Oregon State Lottery.

(X) Director of the Department of Corrections.

(Y) Director of the Oregon Department of Aviation.

(Z) Executive director of the Oregon Criminal Justice Commission.

(AA) Director of the Oregon Business Development Department.

(BB) Director of the Office of Emergency Management.

- (CC) Director of the Employment Department.
- (DD) Chief of staff for the Governor.
- (EE) Director of the Housing and Community Services Department.
- (FF) State Court Administrator.
- (GG) Director of the Department of Land Conservation and Development.
- (HH) Board chairperson of the Land Use Board of Appeals.
- (II) State Marine Director.
- (JJ) Executive director of the Oregon Racing Commission.
- (KK) State Parks and Recreation Director.
- (LL) Public defense services executive director.
- (MM) Chairperson of the Public Employees' Benefit Board.
- (NN) Director of the Department of Public Safety Standards and Training.
- (OO) Executive director of the Higher Education Coordinating Commission.
- (PP) Executive director of the Oregon Watershed Enhancement Board.
- (QQ) Director of the Oregon Youth Authority.
- (RR) Director of the Oregon Health Authority.
- (SS) Deputy Superintendent of Public Instruction.
- (i) The First Partner, the legal counsel, the deputy legal counsel and all policy advisors within the Governor's office.
- (j) Every elected city or county official.
- (k) Every member of a city or county planning, zoning or development commission.
- (L) The chief executive officer of a city or county who performs the duties of manager or principal administrator of the city or county.
- (m) Members of local government boundary commissions formed under ORS 199.410 to 199.519.
- (n) Every member of a governing body of a metropolitan service district and the auditor and executive officer thereof.
- (o) Each member of the board of directors of the State Accident Insurance Fund Corporation.
- (p) The chief administrative officer and the financial officer of each common and union high school district, education service district and community college district.
- (q) Every member of the following state boards and commissions:
 - (A) Governing board of the State Department of Geology and Mineral Industries.
 - (B) Oregon Business Development Commission.
 - (C) State Board of Education.
 - (D) Environmental Quality Commission.
 - (E) Fish and Wildlife Commission of the State of Oregon.
 - (F) State Board of Forestry.
 - (G) Oregon Government Ethics Commission.
 - (H) Oregon Health Policy Board.
 - (I) Oregon Investment Council.
 - (J) Land Conservation and Development Commission.
 - (K) [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission.**
 - (L) Oregon Short Term Fund Board.
 - (M) State Marine Board.
 - (N) Mass transit district boards.
 - (O) Energy Facility Siting Council.
 - (P) Board of Commissioners of the Port of Portland.
 - (Q) Employment Relations Board.
 - (R) Public Employees Retirement Board.
 - (S) Oregon Racing Commission.
 - (T) Oregon Transportation Commission.
 - (U) Water Resources Commission.
 - (V) Workers' Compensation Board.

- (W) Oregon Facilities Authority.
- (X) Oregon State Lottery Commission.
- (Y) Pacific Northwest Electric Power and Conservation Planning Council.
- (Z) Columbia River Gorge Commission.
- (AA) Oregon Health and Science University Board of Directors.
- (BB) Capitol Planning Commission.
- (CC) Higher Education Coordinating Commission.
- (DD) Oregon Growth Board.
- (EE) Early Learning Council.
- (r) The following officers of the State Treasurer:
 - (A) Deputy State Treasurer.
 - (B) Chief of staff for the office of the State Treasurer.
 - (C) Director of the Investment Division.
- (s) Every member of the board of commissioners of a port governed by ORS 777.005 to 777.725 or 777.915 to 777.953.
- (t) Every member of the board of directors of an authority created under ORS 441.525 to 441.595.
- (u) Every member of a governing board of a public university listed in ORS 352.002.
- (v) Every member of the board of directors of an authority created under ORS 465.600 to 465.621.
- (2) By April 15 next after the date an appointment takes effect, every appointed public official on a board or commission listed in subsection (1) of this section shall file with the Oregon Government Ethics Commission a statement of economic interest as required under ORS 244.060, 244.070 and 244.090.
- (3) By April 15 next after the filing deadline for the primary election, each candidate described in subsection (1) of this section shall file with the commission a statement of economic interest as required under ORS 244.060, 244.070 and 244.090.
- (4) Not later than the 40th day before the date of the statewide general election, each candidate described in subsection (1) of this section who will appear on the statewide general election ballot and who was not required to file a statement of economic interest under subsections (1) to (3) of this section shall file with the commission a statement of economic interest as required under ORS 244.060, 244.070 and 244.090.
- (5) Subsections (1) to (3) of this section apply only to persons who are incumbent, elected or appointed public officials as of April 15 and to persons who are candidates on April 15.
- (6) If a statement required to be filed under this section has not been received by the commission within five days after the date the statement is due, the commission shall notify the public official or candidate and give the public official or candidate not less than 15 days to comply with the requirements of this section. If the public official or candidate fails to comply by the date set by the commission, the commission may impose a civil penalty as provided in ORS 244.350.

SECTION 19. ORS 279A.025 is amended to read:

- 279A.025. (1) Except as provided in subsections (2) to (4) of this section, the Public Contracting Code applies to all public contracting.
- (2) The Public Contracting Code does not apply to:
 - (a) Contracts between a contracting agency and:
 - (A) Another contracting agency;
 - (B) The Oregon Health and Science University;
 - (C) A public university listed in ORS 352.002;
 - (D) The Oregon State Bar;
 - (E) A governmental body of another state;
 - (F) The federal government;
 - (G) An American Indian tribe or an agency of an American Indian tribe;
 - (H) A nation, or a governmental body in a nation, other than the United States; or
 - (I) An intergovernmental entity formed between or among:

- (i) Governmental bodies of this or another state;
- (ii) The federal government;
- (iii) An American Indian tribe or an agency of an American Indian tribe;
- (iv) A nation other than the United States; or
- (v) A governmental body in a nation other than the United States;
- (b) Agreements authorized by ORS chapter 190 or by a statute, charter provision, ordinance or other authority for establishing agreements between or among governmental bodies or agencies or tribal governing bodies or agencies;
- (c) Insurance and service contracts as provided for under ORS 414.115, 414.125, 414.135 and 414.145 for purposes of source selection;
- (d) Grants;
- (e) Contracts for professional or expert witnesses or consultants to provide services or testimony relating to existing or potential litigation or legal matters in which a public body is or may become interested;
- (f) Acquisitions or disposals of real property or interest in real property;
- (g) Sole-source expenditures when rates are set by law or ordinance for purposes of source selection;
- (h) Contracts for the procurement or distribution of textbooks;
- (i) Procurements by a contracting agency from an Oregon Corrections Enterprises program;
- (j) The procurement, transportation, sale or distribution of distilled liquor, as defined in ORS 471.001, or the appointment of agents under ORS 471.230 or 471.750 by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**;
- (k) Contracts entered into under ORS chapter 180 between the Attorney General and private counsel or special legal assistants;
- (L) Contracts for the sale of timber from lands that the State Board of Forestry, the State Forestry Department, the State Parks and Recreation Commission or the State Parks and Recreation Department owns or manages;
- (m) Contracts for activities necessary or convenient for the sale of timber under paragraph (L) of this subsection, either separately from or in conjunction with contracts for the sale of timber, including but not limited to activities such as timber harvesting and sorting, transporting, gravel pit development or operation, and road construction, maintenance or improvement;
- (n) Contracts for forest protection or forest related activities, as described in ORS 477.406, by the State Forester or the State Board of Forestry;
- (o) Contracts that the Housing and Community Services Department enters into in exercising the department's duties prescribed in ORS chapters 456 and 458, except that the department's public contracting for goods and services is subject to ORS chapter 279B;
- (p) Contracts that the State Treasurer enters into in exercising the powers of that office prescribed in ORS 178.010 to 178.090 and 276A.242 and ORS chapters 286A, 287A, 289, 293, 294 and 295, including but not limited to investment contracts and agreements, banking services, clearing house services and collateralization agreements, bond documents, certificates of participation and other debt repayment agreements, and any associated contracts, agreements and documents, regardless of whether the obligations that the contracts, agreements or documents establish are general, special or limited, except that the State Treasurer's public contracting for goods and services is subject to ORS chapter 279B;
- (q) Contracts, agreements or other documents entered into, issued or established in connection with:
 - (A) The issuance of obligations, as defined in ORS 286A.100 and 287A.310, of a public body;
 - (B) Program loans and similar extensions or advances of funds, aid or assistance that a public body makes to a public or private body for the purpose of carrying out, promoting or sustaining activities or programs authorized by law; or

(C) The investment of funds by a public body as authorized by law, and other financial transactions of a public body that by their character cannot practically be established under the competitive contractor selection procedures of ORS 279B.050 to 279B.085;

(r) Contracts for employee benefit plans as provided in ORS 243.105 (1), 243.125 (4), 243.221, 243.275, 243.291, 243.303 and 243.565;

(s) Contracts for employee benefit plans as provided in ORS 243.860 to 243.886; or

(t) Any other public contracting of a public body specifically exempted from the code by another provision of law.

(3) The Public Contracting Code does not apply to the contracting activities of:

(a) The Oregon State Lottery Commission;

(b) The legislative department;

(c) The judicial department;

(d) Semi-independent state agencies listed in ORS 182.454, except as provided in ORS 279.835 to 279.855 and 279A.250 to 279A.290;

(e) Oregon Corrections Enterprises;

(f) The Oregon Film and Video Office, except as provided in ORS 279A.100 and 279A.250 to 279A.290;

(g) The Travel Information Council, except as provided in ORS 279A.250 to 279A.290;

(h) The Oregon 529 Savings Network and the Oregon 529 Savings Board;

(i) The Oregon Innovation Council;

(j) The Oregon Utility Notification Center; or

(k) Any other public body specifically exempted from the code by another provision of law.

(4) ORS 279A.200 to 279A.225 and 279B.050 to 279B.085 do not apply to contracts made with qualified nonprofit agencies providing employment opportunities for individuals with disabilities under ORS 279.835 to 279.855.

SECTION 20. ORS 297.210 is amended to read:

297.210. (1)(a) The Secretary of State, as State Auditor, shall have the accounts and financial affairs of state departments, boards, commissions, institutions and state-aided institutions and agencies of the state reviewed or audited as the Secretary of State considers advisable or necessary.

(b) The Secretary of State, as State Auditor, may conduct performance audits of school districts and education service districts. For audits conducted under this paragraph:

(A) The Secretary of State shall identify by rule factors and standards by which the secretary will determine whether to initiate an audit as authorized under this paragraph or to enter into a contract with the Department of Education to conduct an audit as provided by ORS 327.141.

(B) Prior to initiating an audit, the Secretary of State shall:

(i) Give notice to the school district or the education service district of the secretary's intent to initiate the audit; and

(ii) Provide the school district or the education service district with the opportunity to provide to the secretary any information related to the subject of the audit.

(C) Following the review of any information provided under subparagraph (B) of this paragraph, the Secretary of State may:

(i) Decline to proceed with the audit; or

(ii) Cause the audit to be conducted.

(D) The Secretary of State may charge a school district or an education service district for a portion of the costs incurred for an audit authorized by this paragraph. Amounts charged as provided by this subparagraph shall be in lieu of any amounts that may be charged as provided by ORS 297.230.

(c) The Secretary of State, as State Auditor, may conduct audits of the use of fund transfers from the state to counties, including but not limited to transfers of video lottery revenues, state highway funds, cigarette tax revenues and [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** funds.

(d) The Secretary of State may subpoena witnesses, require the production of books and papers and rendering of reports in such manner and form as the Secretary of State requires and may do all things necessary to secure a full and thorough investigation.

(e) The Secretary of State shall report, in writing, to the Governor. The report shall include a copy of the report on each audit.

(f) In addition to the report described in paragraph (e) of this subsection, the Secretary of State shall provide a report to a school district board or the board of directors of an education service district following an audit conducted as provided by paragraph (b) of this subsection.

(2) The Secretary of State may audit or review any institution or department of the state government at any time the executive head of the institution or department, for any reason, retires from the head's office or position. The secretary need not conduct an audit or review under this subsection if:

(a) The institution or department has been the subject of an audit or review of financial controls within the six months immediately preceding the retirement of the executive head of the institution or department; or

(b) The secretary has not received a report within the 12 months immediately preceding the retirement of the executive head of the institution or department indicating that the executive head of the institution or department was unable or unwilling to follow state law, rules, policies or procedures.

(3) The Secretary of State shall employ auditors upon such terms and for such compensation as the Secretary of State determines are advantageous and advisable.

(4) If a person fails to comply with any subpoena issued under subsection (1) of this section, a judge of the circuit court of any county, on application of the Secretary of State, shall compel obedience by proceedings for contempt as in the case of disobedience of the requirements of a subpoena issued from the circuit court.

(5) If the Secretary of State determines during the conduct of any activity authorized under this chapter that fraud or other criminal activity may be occurring or may have occurred, the secretary shall notify the appropriate federal, state or local law enforcement agency of the potential fraud or other criminal activity. This subsection applies regardless of the source of any moneys that are involved or may be involved in the fraud or other criminal activity.

SECTION 21. ORS 317A.100, as amended by section 1, chapter 2, Oregon Laws 2020 (first special session), is amended to read:

317A.100. As used in ORS 317A.100 to 317A.158:

(1)(a) "Commercial activity" means:

(A) The total amount realized by a person, arising from transactions and activity in the regular course of the person's trade or business, without deduction for expenses incurred by the trade or business;

(B) If received by a financial institution:

(i) If the reporting person for a financial institution is a holding company, all items of income reported on the FR Y-9 filed by the holding company;

(ii) If the reporting person for a financial institution is a bank organization, all items of income reported on the call report filed by the bank organization; and

(iii) If the reporting person for a financial institution is a nonbank financial organization, all items of income reported in accordance with generally accepted accounting principles; and

(C)(i) If received by an insurer, as reported on the statement of premiums accompanying the annual statement required under ORS 731.574 to be filed with the Director of the Department of Consumer and Business Services, all gross direct life insurance premiums, gross direct accident and health insurance premiums and gross direct property and casualty insurance premiums; and

(ii) The gross amount of surplus lines premiums received on Oregon home state risks as shown in the report required by ORS 735.465.

(b) "Commercial activity" does not include:

(A) Interest income except:

- (i) Interest on credit sales; or
- (ii) Interest income, including service charges, received by financial institutions;
- (B) Receipts from the sale, exchange or other disposition of an asset described in section 1221 or 1231 of the Internal Revenue Code, without regard to the length of time the person held the asset;
- (C) If received by an insurer, federally reinsured premiums or income from transactions between a reciprocal insurer and its attorney in fact operating under ORS 731.142;
- (D) Receipts from hedging transactions, to the extent that the transactions are entered into primarily to protect a financial position, including transactions intended to manage the risk of exposure to foreign currency fluctuations that affect assets, liabilities, profits, losses, equity or investments in foreign operations, risk of exposure to interest rate fluctuations or risk of commodity price fluctuations;
- (E) Proceeds received attributable to the repayment, maturity or redemption of the principal of a loan, bond, mutual fund, certificate of deposit or marketable instrument;
- (F) The principal amount received under a repurchase agreement or on account of any transaction properly characterized as a loan to the person;
- (G) Contributions received by a trust, plan or other arrangement, any of which is described in section 501(a) of the Internal Revenue Code, or to which title 26, subtitle A, chapter 1, subchapter (D) of the Internal Revenue Code applies;
- (H) Compensation, whether current or deferred, and whether in cash or in kind, received or to be received by an employee, a former employee or the employee's legal successor for services rendered to or for an employer, including reimbursements received by or for an individual for medical or education expenses, health insurance premiums or employee expenses or on account of a dependent care spending account, legal services plan, any cafeteria plan described in section 125 of the Internal Revenue Code or any similar employee reimbursement;
- (I) Proceeds received from the issuance of the taxpayer's own stock, options, warrants, puts or calls, or from the sale of the taxpayer's treasury stock;
- (J) Proceeds received on the account of payments from insurance policies, including crop insurance policies, owned by the taxpayer, except those proceeds received for the loss of commercial activity;
- (K) Gifts or charitable contributions received, membership dues received by trade, professional, homeowners' or condominium associations, payments received for educational courses, meetings or meals, or similar payments to a trade, professional or other similar association, and fundraising receipts received by any person when any excess receipts are donated or used exclusively for charitable purposes;
- (L) Damages received as the result of litigation in excess of amounts that, if received without litigation, would be treated as commercial activity;
- (M) Property, money and other amounts received or acquired by an agent on behalf of another in excess of the agent's commission, fee or other remuneration;
- (N) Tax refunds from any tax program, other tax benefit recoveries and reimbursements for the tax imposed under ORS 317A.100 to 317A.158 made by entities that are part of the same unitary group as provided under ORS 317A.106, and reimbursements made by entities that are not members of a unitary group that are required to be made for economic parity among multiple owners of an entity whose tax obligation under ORS 317A.100 to 317A.158 is required to be reported and paid entirely by one owner, as provided in ORS 317A.106;
- (O) Pension reversions;
- (P) Contributions to capital;
- (Q) Receipts from the sale, transfer, exchange or other disposition of motor vehicle fuel or any other product used for the propulsion of motor vehicles;
- (R) In the case of receipts from the sale of cigarettes or tobacco products by a wholesale dealer, retail dealer, distributor, manufacturer or seller, an amount equal to the federal and state excise taxes paid by any person on or for such cigarettes or tobacco products under subtitle E of the Internal Revenue Code or ORS chapter 323;

(S) In the case of receipts from the sale of malt beverages or wine, as defined in ORS 471.001, cider, as defined in ORS 471.023 or distilled liquor, as defined in ORS 471.001, by a person holding a license issued under ORS chapter 471, an amount equal to the federal and state excise taxes paid by any person on or for such malt beverages, wine or distilled liquor under subtitle E of the Internal Revenue Code or ORS chapter 471 or 473, and any amount paid to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** for sales of distilled spirits by an agent appointed under ORS 471.750;

(T) In the case of receipts from the sale of marijuana items, as defined in ORS 475B.015, by a person holding a license issued under ORS 475B.010 to 475B.545, an amount equal to the federal and state excise taxes paid by any person on or for such marijuana items under subtitle E of the Internal Revenue Code or ORS 475B.700 to 475B.760 and any local retail taxes authorized under ORS 475B.491;

(U) Local taxes collected by a restaurant or other food establishment on sales of meals, prepared food or beverages;

(V) Tips or gratuities collected by a restaurant or other food establishment and passed on to employees;

(W) Receipts realized by a vehicle dealer certified under ORS 822.020 or a person described in ORS 320.400 (8)(a)(B) from the sale or other transfer of a motor vehicle, as defined in ORS 801.360, to another vehicle dealer for the purpose of resale by the transferee vehicle dealer, but only if the sale or other transfer was based upon the transferee's need to meet a specific customer's preference for a motor vehicle;

(X) Registration fees or taxes collected by a vehicle dealer certified under ORS 822.020 or a person described in ORS 320.400 (8)(a)(B) at the sale or other transfer of a motor vehicle, as defined in ORS 801.360, that are owed to a third party by the purchaser of the motor vehicle and passed to the third party by the dealer;

(Y) Receipts from a financial institution for services provided to the financial institution in connection with the issuance, processing, servicing and management of loans or credit accounts, if the financial institution and the recipient of the receipts have at least 50 percent of their ownership interests owned or controlled, directly or constructively through related interests, by common owners;

(Z) In the case of amounts retained as commissions by a holder of a license under ORS chapter 462, an amount equal to the amounts specified under ORS chapter 462 that must be paid to or collected by the Department of Revenue as a tax and the amounts specified under ORS chapter 462 to be used as purse money;

(AA) Net revenue of residential care facilities as defined in ORS 443.400 or in-home care agencies as defined in ORS 443.305, to the extent that the revenue is derived from or received as compensation for providing services to a medical assistance or Medicare recipient;

(BB) Dividends received;

(CC) Distributive income received from a pass-through entity;

(DD) Receipts from sales to a wholesaler in this state, if the seller receives certification at the time of sale from the wholesaler that the wholesaler will sell the purchased property outside this state;

(EE) Receipts from the wholesale or retail sale of groceries;

(FF) Receipts from transactions among members of a unitary group;

(GG) Moneys, including public purpose charge moneys collected under ORS 757.612 and costs of funding or implementing cost-effective energy conservation measures collected under ORS 757.689, that are collected from customers, passed to a utility and approved by the Public Utility Commission and that support energy conservation, renewable resource acquisition and low-income assistance programs;

(HH) Moneys collected by a utility from customers for the payment of loans through on-bill financing;

(II) Surcharges collected under ORS 757.736;

(JJ) Moneys passed to a utility by the Bonneville Power Administration for the purpose of effectuating the Regional Power Act Exchange credits or pursuant to any settlement associated with the exchange credit;

(KK) Moneys collected or recovered, by entities listed in ORS 756.310, cable operators as defined in 47 U.S.C. 522(5), telecommunications carriers as defined in 47 U.S.C. 153(51) and providers of information services as defined in 47 U.S.C. 153(24), for fees payable under ORS 756.310, right-of-way fees, franchise fees, privilege taxes, federal taxes and local taxes;

(LL) Charges paid to the Residential Service Protection Fund required by chapter 290, Oregon Laws 1987;

(MM) Universal service surcharge moneys collected or recovered and paid into the universal service fund established in ORS 759.425;

(NN) Moneys collected for public purpose funding as described in ORS 759.430;

(OO) Moneys collected or recovered and paid into the federal universal service fund as determined by the Federal Communications Commission;

(PP) In the case of a seller or provider of telecommunications services, the amount of tax imposed under ORS 403.200 for access to the emergency communications system that is collected from subscribers or consumers;

(QQ) In the case of a transient lodging tax collector, the amount of tax imposed under ORS 320.305 and of any local transient lodging tax imposed upon the occupancy of transit lodging;

(RR) In the case of a seller of bicycles, the amount of tax imposed under ORS 320.415 upon retail sales of bicycles;

(SS) In the case of a qualified heavy equipment provider, the amount of tax imposed under ORS 307.872 upon the rental price of heavy equipment;

(TT) Farmer sales to an agricultural cooperative in this state that is a cooperative organization described in section 1381 of the Internal Revenue Code;

(UU) Revenue received by a business entity that is mandated by contract or subcontract to be distributed to another person or entity if the revenue constitutes sales commissions that are paid to a person who is not an employee of the business entity, including, without limitation, a split-fee real estate commission; and

(VV) Receipts from the sale of fluid milk by dairy farmers that are not members of an agricultural cooperative.

(2) "Cost inputs" means:

(a) The cost of goods sold as calculated in arriving at federal taxable income under the Internal Revenue Code; or

(b) In the case of a taxpayer that is engaged in a farming operation, as defined in section 6, chapter 2, Oregon Laws 2020 (first special session), and that does not report cost of goods sold for federal tax purposes, the taxpayer's operating expenses excluding labor costs.

(3) "Doing business" means engaging in any activity, whether legal or illegal, that is conducted for, or results in, the receipt of commercial activity at any time during a calendar year.

(4) "Excluded person" means any of the following:

(a) Organizations described in sections 501(c) and 501(j) of the Internal Revenue Code, unless the exemption is denied under section 501(h), (i) or (m) or under section 502, 503 or 505 of the Internal Revenue Code.

(b) Organizations described in section 501(d) of the Internal Revenue Code, unless the exemption is denied under section 502 or 503 of the Internal Revenue Code.

(c) Organizations described in section 501(e) of the Internal Revenue Code.

(d) Organizations described in section 501(f) of the Internal Revenue Code.

(e) Charitable risk pools described in section 501(n) of the Internal Revenue Code.

(f) Organizations described in section 521 of the Internal Revenue Code.

(g) Qualified state tuition programs described in section 529 of the Internal Revenue Code.

(h) Foreign or alien insurance companies, but only with respect to the underwriting profit derived from writing wet marine and transportation insurance subject to tax under ORS 731.824 and 731.828.

(i) Governmental entities.

(j) Any person with commercial activity that does not exceed \$750,000 for the calendar year, other than a person that is part of a unitary group as provided in ORS 317A.106 with commercial activity in excess of \$750,000.

(k) Hospitals subject to assessment under ORS 414.855, long term care facilities subject to assessment under ORS 409.801 or any entity subject to assessment under ORS 414.880 or section 3 or 5, chapter 538, Oregon Laws 2017.

(L) Manufactured dwelling park nonprofit cooperatives organized under ORS chapter 62.

(5) "Financial institution" has the meaning given that term in ORS 314.610, except that "financial institution" does not include a credit union.

(6)(a) "FR Y-9" means the consolidated or parent-only financial statements that a holding company is required to file with the Federal Reserve Board pursuant to 12 U.S.C. 1844.

(b) In the case of a holding company required to file both consolidated and parent-only financial statements, "FR Y-9" means the consolidated financial statements that the holding company is required to file.

(7) "Governmental entity" means:

(a) The United States and any of its unincorporated agencies and instrumentalities.

(b) Any incorporated agency or instrumentality of the United States wholly owned by the United States or by a corporation wholly owned by the United States.

(c) The State of Oregon and any of its unincorporated agencies and instrumentalities.

(d) Any county, city, district or other political subdivision of the state.

(e) A special government body as defined in ORS 174.117.

(f) A federally recognized Indian tribe.

(8) "Groceries" means food as defined in 7 U.S.C. 2012(k), but does not include cannabinoid edibles or marijuana seeds.

(9)(a) "Hedging transaction" means a hedging transaction as defined in section 1221 of the Internal Revenue Code or a transaction accorded hedge accounting treatment under Financial Accounting Standards Board Statement No. 133.

(b) "Hedging transaction" does not include a transaction in which an actual transfer of title of real or tangible property to another entity occurs.

(10) "Insurer" has the meaning given that term in ORS 317.010.

(11) "Internal Revenue Code," except where the Legislative Assembly has provided otherwise, refers to the laws of the United States or to the Internal Revenue Code as they are amended and in effect on December 31, 2018.

(12) "Labor costs" means total compensation of all employees, not to include compensation paid to any single employee in excess of \$500,000.

(13)(a) "Motor vehicle fuel or any other product used for the propulsion of motor vehicles" means:

(A) Motor vehicle fuel as defined in ORS 319.010; and

(B) Fuel the use of which in a motor vehicle is subject to taxation under ORS 319.530.

(b) "Motor vehicle fuel or any other product used for the propulsion of motor vehicles" does not mean:

(A) Electricity; or

(B) Electric batteries or any other mechanical or physical component or accessory of a motor vehicle.

(14) "Person" includes individuals, combinations of individuals of any form, receivers, assignees, trustees in bankruptcy, firms, companies, joint-stock companies, business trusts, estates, partnerships, limited liability partnerships, limited liability companies, associations, joint ventures, clubs, societies, entities organized as for-profit corporations under ORS chapter 60, C corporations, S cor-

porations, qualified subchapter S subsidiaries, qualified subchapter S trusts, trusts, entities that are disregarded for federal income tax purposes and any other entities.

(15) "Retailer" means a person doing business by selling tangible personal property to a purchaser for a purpose other than:

(a) Resale by the purchaser of the property as tangible personal property in the regular course of business;

(b) Incorporation by the purchaser of the property in the course of regular business as an ingredient or component of real or personal property; or

(c) Consumption by the purchaser of the property in the production for sale of a new article of tangible personal property.

(16) "Taxable commercial activity" means commercial activity sourced to this state under ORS 317A.128, less any subtraction pursuant to ORS 317A.119.

(17)(a) "Taxpayer" means any person or unitary group required to register, file or pay tax under ORS 317A.100 to 317A.158.

(b) "Taxpayer" does not include excluded persons, except to the extent that a tax-exempt entity has unrelated business income as described in the Internal Revenue Code.

(18)(a) "Unitary business" means a business enterprise in which there exists directly or indirectly between the members or parts of the enterprise a sharing or exchange of value as demonstrated by:

(A) Centralized management or a common executive force;

(B) Centralized administrative services or functions resulting in economies of scale; or

(C) Flow of goods, capital resources or services demonstrating functional integration.

(b) "Unitary business" may include a business enterprise the activities of which:

(A) Are in the same general line of business, such as manufacturing, wholesaling or retailing;

or

(B) Constitute steps in a vertically integrated process, such as the steps involved in the production of natural resources, which might include exploration, mining, refining and marketing.

(19) "Unitary group" means a group of persons with more than 50 percent common ownership, either direct or indirect, that is engaged in business activities that constitute a unitary business.

(20) "Wholesaler" means a person primarily doing business by merchant distribution of tangible personal property to retailers or to other wholesalers.

SECTION 22. ORS 459.992 is amended to read:

459.992. (1) The following are Class A misdemeanors:

(a) Violation of rules or ordinances adopted under ORS 459.005 to 459.105 and 459.205 to 459.385.

(b) Violation of ORS 459.205.

(c) Violation of ORS 459.270.

(d) Violation of ORS 459A.080.

(e) Violation of ORS 459.272.

(2) Each day a violation referred to by subsection (1) of this section continues constitutes a separate offense. The separate offenses may be joined in one indictment or complaint or information in several counts.

(3) Violation of ORS 459A.705, 459A.710, 459A.718 (7) or 459A.720 is a Class A misdemeanor.

(4) Violation of ORS 459A.716 is a Class D violation. Each day that a violation referred to in this subsection occurs is a separate offense. The separate offenses may be joined in one indictment or complaint or information in several counts.

(5) In addition to the penalty prescribed by subsection (3) of this section, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** or the State Department of Agriculture may revoke or suspend the license of any person who willfully violates ORS 459A.705, 459A.710, 459A.718 (7) or 459A.720, who is required by ORS chapter 471 or 635, respectively, to have a license.

SECTION 23. ORS 459A.700 is amended to read:

459A.700. As used in ORS 459.992 (3) and (4) and 459A.700 to 459A.744, unless the context requires otherwise:

(1) "Beverage" means a fluid described in ORS 459A.702.

(2) "Beverage container" means a container described in ORS 459A.702.

(3) "Commission" means the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**.

(4) "Consumer" means every person who purchases a beverage in a beverage container for use or consumption.

(5) "Dealer" means every person in this state who engages in the sale of beverages in beverage containers to a consumer, or means a full-service redemption center approved under ORS 459A.735.

(6) "Dealer redemption center" means a location that meets the requirements of ORS 459A.741, at which any person may return empty beverage containers and receive payment of the refund value of the beverage containers.

(7) "Distributor" means every person who engages in the sale of beverages in beverage containers to a dealer in this state including any manufacturer who engages in such sales.

(8) "Full-service redemption center" means a location that meets the requirements of ORS 459A.737, at which any person may return empty beverage containers and receive payment of the refund value of the beverage containers.

(9) "Hard seltzer" means any sugar-based alcoholic beverage that contains carbonated water or any malt-based alcoholic beverage that contains carbonated water and is not a malt beverage, as defined in ORS 471.001.

(10) "Importer" means any dealer or manufacturer who directly imports beverage containers into this state.

(11) "In this state" means within the exterior limits of the State of Oregon and includes all territory within these limits owned by or ceded to the United States of America.

(12) "Kombucha" means a fermented beverage that is made from tea and contains not more than 21 percent of alcohol by volume.

(13) "Manufacturer" means every person bottling, canning or otherwise filling beverage containers for sale to distributors, importers or dealers.

(14) "Place of business of a dealer" means the location at which a dealer sells or offers for sale beverages in beverage containers to consumers.

(15) "Redemption center" means a full-service redemption center or a dealer redemption center.

(16) "Use or consumption" includes the exercise of any right or power over a beverage incident to the ownership thereof, other than the sale or the keeping or retention of a beverage for the purposes of sale.

(17) "Water and flavored water" means any beverage identified through the use of letters, words or symbols on its product label as a type of water.

(18) "Wine" has the meaning given that term in ORS 471.001, except that "wine" does not mean hard seltzer or kombucha.

SECTION 24. ORS 459A.702 is amended to read:

459A.702. ORS 459A.700 to 459A.744 apply to:

(1) Any individual, separate, sealed glass, metal or plastic bottle or can, except for a carton, foil pouch, drink box or metal container that requires a tool to be opened, that contains any one of the following beverages, intended for human consumption and in a quantity less than or equal to three liters:

(a) Water or flavored water;

(b) Beer or another malt beverage;

(c) Mineral water, soda water or a similar carbonated soft drink;

(d) Kombucha; or

(e) Hard seltzer.

(2) Any beverage other than those specified in subsection (1) of this section that is intended for human consumption and is in a quantity more than or equal to four fluid ounces and less than or

equal to one and one-half liters, except distilled liquor, wine, dairy or plant-based milks, infant formula and any other exemptions set forth in rule by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**.

SECTION 25. ORS 459A.705 is amended to read:

459A.705. (1) Except as provided in subsections (2) and (3) of this section, every beverage container sold or offered for sale in this state shall have a refund value of not less than five cents.

(2)(a) Every beverage container sold or offered for sale in this state shall have a refund value of not less than 10 cents, beginning on the later of:

(A) Eight months after the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** determines that, in each of the two previous calendar years, the number of beverage containers returned for the refund value specified in this section was less than 80 percent of the total number of beverage containers that were sold in this state; or

(B) January 1 of the calendar year following the determination by the commission described in subparagraph (A) of this paragraph.

(b) In making a determination under this subsection, the commission may not include the beverages described in ORS 459A.702 (2) before January 1, 2021.

(3) Every beverage container certified as provided in ORS 459A.725, sold or offered for sale in this state, shall have a refund value of not less than two cents.

SECTION 26. ORS 459A.715 is amended to read:

459A.715. (1) A dealer may refuse to accept from any person, and a distributor or importer may refuse to accept from a dealer, any empty beverage container that does not state thereon a refund value as established by ORS 459A.705.

(2) A dealer may refuse to accept and to pay the refund value of:

(a) Empty beverage containers if the place of business of the dealer and the kind of empty beverage containers are included in an order of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** approving a full-service redemption center under ORS 459A.735.

(b) Any beverage container visibly containing or contaminated by a substance other than water, residue of the original contents or ordinary dust.

(c)(A) More than 144 individual beverage containers returned by any one person during one day, if the dealer occupies a space of 5,000 or more square feet in a single area.

(B) More than 50 individual beverage containers returned by any one person during one day, if the dealer occupies a space of less than 5,000 square feet in a single area.

(d) Any beverage container that is damaged to the extent that the brand appearing on the container cannot be identified.

(3)(a) In order to refuse containers under subsection (2)(b), (c)(A) or (d) of this section, if a dealer occupies a space of 5,000 or more square feet in a single area, the dealer must post in each area where containers are received a clearly visible and legible sign containing the following information:

NOTICE:

Oregon Law allows a dealer to refuse to accept:

1. Beverage containers visibly containing or contaminated by a substance other than water, residue of the original contents or ordinary dust;

2. More than 144 individual beverage containers from any one person during one day; or

3. Beverage containers that are damaged to the extent that the brand appearing on the container cannot be identified.

(b) In order to refuse containers under subsection (2)(b), (c)(B) or (d) of this section, if a dealer occupies a space of less than 5,000 square feet in a single area, the dealer must post in each area where containers are received a clearly visible and legible sign containing the following information:

NOTICE:

Oregon Law allows a dealer to refuse to accept:

1. Beverage containers visibly containing or contaminated by a substance other than water, residue of the original contents or ordinary dust;
2. More than 50 individual beverage containers from any one person during one day; or
3. Beverage containers that are damaged to the extent that the brand appearing on the container cannot be identified.

SECTION 27. ORS 459A.717 is amended to read:

459A.717. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may impose a civil penalty of at least \$50, but not more than \$500, for a violation of any provision of ORS 459A.700 to 459A.744. Each day a violation occurs constitutes a separate violation. The authority to impose a civil penalty under this section is in addition to and not in lieu of the revocation and suspension authority under ORS 459.992 (5) and the criminal penalty authorized by ORS 459.992.

(2) Notwithstanding subsection (1) of this section, if a dealer violates a provision of ORS 459A.738, or if a distributor or importer violates a provision of ORS 459A.718, the commission shall provide the dealer, distributor or importer with written notice informing the dealer, distributor or importer of the violation and stating that the dealer, distributor or importer may avoid civil penalty for the violation by curing the violation within 60 days after issuance of the notice. If the dealer, distributor or importer fails to cure the violation within 60 days after issuance of the notice, the commission shall impose a civil penalty of at least \$200 for the violation. Each day after the 60-day period that the dealer continues to violate a provision of ORS 459A.738, or that the distributor or importer continues to violate a provision of ORS 459A.718, is a separate offense subject to a separate civil penalty. The commission is not required to provide the dealer, distributor or importer with an opportunity to cure a continuing violation before imposing a civil penalty for the continuing violation.

(3) Civil penalties under this section shall be imposed as provided in ORS 183.745.

(4) All penalties recovered under this section shall be paid into the State Treasury and credited to the General Fund and are available for general governmental expenses.

SECTION 28. ORS 459A.718 is amended to read:

459A.718. (1) Two or more distributors or importers may establish a distributor cooperative for the purposes of:

(a) Collecting the refund value of beverage containers specified in ORS 459A.705 from distributors or importers and refunding to dealers the amount the dealers paid for the refund value of empty beverage containers;

(b) Paying the refund value specified in ORS 459A.705 for beverage containers sold in this state;

(c) Processing beverage containers sold in this state; and

(d) Maintaining a registry of all beverage containers sold and redeemed in this state.

(2) A distributor cooperative established under this section must service a majority of the dealers in this state.

(3) If a distributor cooperative is established, a dealer that uses the distributor cooperative to redeem and process beverage containers sold in this state is not required to return beverage containers to a distributor or importer that does not participate in the distributor cooperative, provided that the dealer or the distributor cooperative provides an accounting to the distributor or importer

of the beverage containers by brand and kind that were distributed by the distributor or importer and subsequently redeemed by the dealer or distributor cooperative.

(4) Upon receipt of the accounting required by subsection (3) of this section, a distributor or importer that does not participate in the distributor cooperative must pay the refund value of the redeemed beverage containers specified in the accounting to the dealer or distributor cooperative that provided the accounting.

(5) A distributor or importer that does not participate in a distributor cooperative to redeem and process beverage containers shall register with the distributor cooperative as a nonparticipating distributor or importer and shall report, in a form and manner as required by the distributor cooperative, information necessary for the distributor cooperative to maintain the beverage container registry described in subsection (6) of this section.

(6) A distributor cooperative shall maintain a registry of all types of beverage containers sold and redeemed in this state for all registered entities that describes the beverage containers using the following information for each beverage container:

(a) The name of the beverage contained in the beverage container as identified through the use of letters, words or symbols on the product label affixed to the beverage container;

(b) The type of beverage contained in the beverage container using an appropriate categorization method for beverages as determined by the distributor cooperative;

(c) The size of the beverage container;

(d) Whether the beverage container is glass, metal or plastic; and

(e) If applicable, the universal product code or European article number on the product label affixed to the beverage container.

(7)(a) For purposes of this subsection, beverage container return data is the number of beverage containers returned for the refund value specified in ORS 459A.705 in Oregon during the calendar year and the number of beverage containers that carry a refund value specified in ORS 459A.705 sold in Oregon during the calendar year, calculated separately.

(b) By July 1 of each calendar year, a distributor cooperative shall provide the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** with a report that lists, in aggregate form:

(A) For all distributors and importers that participate in the distributor cooperative, the previous calendar year's beverage container return data, calculated separately for glass, metal and plastic beverage containers; and

(B) The registry of all beverage containers sold and redeemed in this state during the previous calendar year.

(c) By July 1 of each calendar year, a distributor or importer that does not participate in a distributor cooperative shall provide the commission with a report that lists the distributor's or the importer's beverage container return data for the previous calendar year, calculated separately for glass, metal and plastic beverage containers.

(8)(a) By August 1 of each calendar year, using the beverage container return data provided in subsection (7)(b) of this section, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall calculate the previous calendar year's percentage of beverage containers returned for the refund value specified in ORS 459A.705 for each distributor cooperative. The commission shall carry out the calculation separately for glass, metal and plastic beverage containers and shall post the percentages on the commission's website.

(b) By August 1 of each calendar year, using the beverage container return data provided in subsection (7)(c) of this section, the commission shall calculate the previous calendar year's percentage of beverage containers returned for the refund value specified in ORS 459A.705 for each distributor or importer that does not participate in a distributor cooperative. The commission shall carry out the calculation separately for glass, metal and plastic beverage containers and shall post the percentages on the commission's website.

(c) By August 1 of each calendar year, using the beverage container return data provided in subsection (7)(b) and (c) of this section, the commission shall calculate the previous calendar year's

percentage of beverage containers returned for the refund value specified in ORS 459A.705 for all distributors and importers in Oregon. The commission shall carry out the calculation for all beverage containers, and separately for glass, metal and plastic beverage containers, and shall post the percentages on the commission's website.

(d) Except for the percentages described in paragraphs (a) to (c) of this subsection or in a proceeding under ORS 459A.717 for a violation of subsection (7) of this section, the commission may not disclose any information provided by a distributor, an importer or a distributor cooperative under subsection (7) of this section.

(9)(a) In order to determine compliance with the provisions of subsection (7) of this section, within six months of the date that the commission receives a report described in subsection (7)(b) and (c) of this section, the commission may review or audit the records of each reporting distributor cooperative, or each reporting distributor or importer that does not participate in a distributor cooperative.

(b)(A) If in the course of a review described in paragraph (a) of this subsection the commission determines that an audit of a distributor cooperative, distributor or importer is necessary, the commission shall require the distributor cooperative, distributor or importer to retain an independent financial audit firm to determine the accuracy of information contained in the report. The distributor cooperative, distributor or importer that is the subject of review shall pay the costs of the audit. The audit must be limited to the records described in paragraph (a) of this subsection.

(B) The commission shall adopt rules to carry out the provisions of this paragraph.

SECTION 29. ORS 459A.725 is amended to read:

459A.725. (1) To promote the use in this state of reusable beverage containers of uniform design, and to facilitate the return of containers to manufacturers for reuse as a beverage container, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may certify beverage containers which satisfy the requirements of this section.

(2) A beverage container may be certified if:

(a) It is reusable as a beverage container by more than one manufacturer in the ordinary course of business; and

(b) More than one manufacturer will in the ordinary course of business accept the beverage container for reuse as a beverage container and pay the refund value of the container.

(3) The commission may by rule establish appropriate liquid capacities and shapes for beverage containers to be certified or decertified in accordance with the purposes set forth in subsection (1) of this section.

(4) A beverage container shall not be certified under this section if by reason of its shape or design, or by reason of words or symbols permanently inscribed thereon, whether by engraving, embossing, painting or other permanent method, it is reusable as a beverage container in the ordinary course of business only by a manufacturer of a beverage sold under a specific brand name.

SECTION 30. ORS 459A.730 is amended to read:

459A.730. (1) Unless an application for certification under ORS 459A.725 is denied by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** within 60 days after the filing of the application, the beverage container shall be deemed certified.

(2) The commission may review at any time certification of a beverage container. If after such review, with written notice and hearing afforded to the person who filed the application for certification under ORS 459A.725, the commission determines the container is no longer qualified for certification, it shall withdraw certification.

(3) Withdrawal of certification shall be effective not less than 30 days after written notice to the person who filed the application for certification under ORS 459A.725 and to the manufacturers referred to in ORS 459A.725 (2).

SECTION 31. ORS 459A.735 is amended to read:

459A.735. (1) To facilitate the return of empty beverage containers and to serve dealers of beverages, any person may establish a full-service redemption center, subject to the approval of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, at which any

person may return empty beverage containers and receive payment of the refund value of such beverage containers.

(2) Application for approval of a full-service redemption center shall be filed with the commission. The application shall state the name and address of the person responsible for the establishment and operation of the full-service redemption center, the kind of beverage containers that will be accepted at the full-service redemption center, the names and addresses of the dealers to be served by the full-service redemption center and proposals for up to two convenience zones described in ORS 459A.738. The application shall include such additional information as the commission may require.

(3) The commission shall approve a full-service redemption center if it finds the redemption center will provide a convenient service to persons for the return of empty beverage containers. The order of the commission approving a full-service redemption center shall state:

(a) The location of the convenience zones specified by the commission under ORS 459A.738 (1);
(b) The dealers within the convenience zones to be served by the full-service redemption center;
(c) The dealers within the convenience zones not to be served by or not participating in the full-service redemption center;

(d) The services to be provided by the redemption center and the equivalent services required to be provided under ORS 459A.738 (5) by a dealer that does not participate in, and is not served by, the full-service redemption center;

(e) The kind of empty beverage containers that the full-service redemption center must accept;

(f) Whether the full-service redemption center will be located in an area zoned for commercial use under state statute or local ordinance or will be located in an area that will provide more convenient service given the proximity of the location to the dealers within the convenience zones to be served by the full-service redemption center; and

(g) Such other provisions to ensure that the full-service redemption center will provide a convenient service to the public as the commission may determine.

(4) A full-service redemption center approved by the commission under this section is not a recycling depot for purposes of ORS 90.318, 459A.007, 459A.010, 459A.050 or 459A.080.

(5)(a) No later than five days after approving a full-service redemption center under subsection (3) of this section, the commission shall provide written notice to each dealer that is identified in the order approving the full-service redemption center as a dealer within the convenience zones not to be served by or not participating in the full-service redemption center.

(b) The notice required under this subsection shall include:

(A) All information required to be in the order approving the full-service redemption center under subsection (3) of this section; and

(B) Notice of the provisions of ORS 459A.738 that are applicable to the dealer receiving the notice.

(6) The commission may review at any time approval of a full-service redemption center. After written notice to the person responsible for the establishment and operation of the full-service redemption center, and to the dealers served by the full-service redemption center, the commission may, after hearing, withdraw approval of a full-service redemption center if the commission finds there has not been compliance with its order approving the full-service redemption center, or if the full-service redemption center no longer provides a convenient service to the public.

SECTION 32. ORS 459A.737 is amended to read:

459A.737. (1) Pursuant to the provisions of ORS 459A.735, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**:

(a) Shall approve one full-service redemption center in a city having a population of less than 300,000, operated by a distributor cooperative serving a majority of the dealers in this state; and

(b) May approve one or more additional full-service redemption centers.

(2) Notwithstanding any other provision of ORS 459A.700 to 459A.744, a full-service redemption center:

(a) May not refuse to accept and to pay the refund value of up to 350 individual empty beverage containers, as established by ORS 459A.705, returned by any one person during one day;

(b) Must provide hand counting of up to 50 individual empty beverage containers returned by any one person during one day for the refund value established by ORS 459A.705;

(c) May provide drop off service for at least 125 individual empty beverage containers returned by any one person during one day for the refund value established by ORS 459A.705, and may provide an accounting mechanism by which the person may redeem the refund value of the beverage containers at a later date; and

(d) May provide other services as determined necessary by the person responsible for the operation of the full-service redemption center.

(3)(a) By July 1 of each calendar year, a person responsible for the operation of one or more full-service redemption centers shall register with the commission, for a period to cover the upcoming year, on a form provided by the commission. The registration shall include:

(A) A list of each full-service redemption center that the person is responsible for operating during the upcoming year and the address of each full-service redemption center; and

(B) Any other information required by the commission to process the registration.

(b)(A) Each person responsible for the operation of one or more full-service redemption centers shall pay an annual registration fee to the commission. The fee shall be paid at the time of registration under paragraph (a) of this subsection. The registration fee shall be \$3,000 for each full-service redemption center that the person is responsible for operating.

(B) The registration fee established by subparagraph (A) of this paragraph does not apply to the operation of a dealer redemption center.

(c) Fees collected by the commission under this subsection shall be deposited in the Bottle Bill Fund established under ORS 459A.744.

(4) The commission may adopt all rules necessary to implement and administer the provisions of this section and ORS 459A.738 and 459A.741.

SECTION 33. ORS 459A.738 is amended to read:

459A.738. (1) For each full-service redemption center, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall specify up to two convenience zones. The first convenience zone shall be the sector within a radius of not more than two miles around the full-service redemption center. The second convenience zone shall be the sector beginning at the border of the first convenience zone and continuing to a radius of not more than three and one-half miles around the full-service redemption center. The convenience zones shall be based to the greatest extent practicable upon the proposals submitted as part of the application for approval of the full-service redemption center under ORS 459A.735.

(2) All dealers doing business within the first convenience zone that occupy a space of 5,000 or more square feet in a single area may participate in, be served by and be charged the cost of participation in the full-service redemption center and, if such a dealer participates in, is served by and pays the cost of participation in the full-service redemption center, the dealer may, notwithstanding any other provision of ORS 459A.700 to 459A.744, refuse to accept and to pay the refund value of empty beverage containers.

(3) All dealers doing business within the second convenience zone that occupy a space of 5,000 or more square feet in a single area may participate in, be served by and be charged the cost of participation in the full-service redemption center and, if such a dealer participates in, is served by and pays the cost of participation in the full-service redemption center, the dealer may, notwithstanding any other provision of ORS 459A.700 to 459A.744, refuse to accept and to pay the refund value of more than 24 individual empty beverage containers returned by any one person during one day.

(4) All dealers doing business within either convenience zone that occupy a space of less than 5,000 square feet in a single area may, notwithstanding any other provision of ORS 459A.700 to 459A.744, refuse to accept and to pay the refund value of more than 24 individual empty beverage containers returned by any one person during one day.

(5)(a) Any dealer doing business within either convenience zone that occupies a space of 5,000 or more square feet in a single area that does not participate in, and is not served by, the full-service redemption center may not refuse to accept and to pay the refund value of up to 350 individual empty beverage containers, as established by ORS 459A.705, returned by any one person during one day and must, beginning on the date that the full-service redemption center begins accepting beverage containers, provide services equivalent to those provided by the redemption center under ORS 459A.737 (2), including hand counting and drop off service.

(b) In addition to complying with the requirements specified in paragraph (a) of this subsection, a dealer described in paragraph (a) of this subsection must:

(A) Post in each area where beverage containers are received a clearly visible and legible sign that contains the list of services that must be provided by the dealer; and

(B) Provide two automated reverse vending machines capable of processing metal, plastic and glass beverage containers, or one automated reverse vending machine capable of processing metal, plastic and glass beverage containers for each 500,000 beverage containers sold by the dealer in the previous calendar year, whichever is greater.

(c)(A) The provisions of paragraphs (a) and (b) of this subsection do not apply to a dealer described in paragraph (a) of this subsection if the dealer sold fewer than 100,000 beverage containers in the previous calendar year. To be eligible for the exemption under this paragraph, a dealer described in paragraph (a) of this subsection must report to the commission the number of beverage containers sold by the dealer in the previous calendar year.

(B) The report required under this paragraph must be submitted by a dealer:

(i) Except as provided in subsection (6) of this section, no later than 60 days after issuance of the notice required under ORS 459A.735 (5); and

(ii) No later than January 1 of each calendar year following the year that the notice under ORS 459A.735 (5) was issued and for which the dealer intends to claim the exemption.

(d) The commission shall ensure compliance with this subsection by a dealer described in paragraph (a) of this subsection that is not subject to an exemption under paragraph (c) of this subsection.

(6) A dealer that plans to begin doing business within either convenience zone after the date that the full-service redemption center associated with the convenience zone begins accepting beverage containers shall, not less than 60 days prior to the date that the dealer begins doing business:

(a) Provide notice to the commission explaining whether the dealer will or will not participate in, be served by and pay the cost of participation in the full-service redemption center; and

(b) If the dealer will not participate in the redemption center and will claim an exemption under subsection (5)(c) of this section, provide documentation of compliance with the requirements for nonparticipating dealers under this section and an estimate of the number of beverage containers that the dealer expects to sell during the first calendar year that the dealer does business within the convenience zone.

(7) The provisions of subsections (2) to (6) of this section do not apply to any dealer for which the driving distance from the place of business of the dealer to the full-service redemption center, calculated using the shortest route, is more than two times the radius specified for the second convenience zone or, if only one convenience zone is specified by the commission, two times the radius specified for that convenience zone.

(8) Not more than 60 days after issuance of notice from the commission under ORS 459A.735 (5), a dealer shall provide the commission with written documentation confirming compliance with each of the requirements of this section that are applicable to the dealer receiving notice.

SECTION 34. ORS 459A.741 is amended to read:

459A.741. (1) Any person may establish a dealer redemption center to serve one or more dealers doing business in an area that is not part of a convenience zone specified by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** under ORS 459A.738.

(2) Notwithstanding any other provision of ORS 459A.700 to 459A.744, a dealer redemption center must:

(a) Provide secure drop off service at no charge for empty beverage containers to be returned by any person for the refund value established by ORS 459A.705 in a bag or other bulk return container sold for that purpose;

(b) Provide an accounting mechanism by which a person may redeem the refund value of beverage containers returned in bulk either immediately in cash from a dealer participating in the dealer redemption center or no later than one week after the beverage containers are dropped off;

(c) Be serviced by a distributor cooperative for purposes of transporting and processing redeemed beverage containers;

(d) Be available for persons to return beverage containers to the dealer redemption center during any time that a participating dealer is open between the hours of 8 a.m. and 8 p.m.; and

(e) Be of a sufficient capacity to provide convenient service to the public as the commission may determine.

(3) A dealer redemption center may provide services other than those specified in subsection (2) of this section as determined necessary by the person responsible for operation of the dealer redemption center.

(4) A distributor cooperative that services dealer redemption centers shall:

(a) Provide notice to the commission no later than 14 days after the date that a dealer redemption center:

(A) Begins providing drop off service to persons for the return of empty beverage containers;

or

(B) Ceases operations; and

(b) Annually provide to the commission the names and addresses of the dealers served by all dealer redemption centers serviced by the distributor cooperative, and such additional information as the commission may require.

(5)(a) A dealer that participates in, is served by and pays the cost of participation in a dealer redemption center may, notwithstanding any other provision of ORS 459A.700 to 459A.744, refuse to accept and to pay the refund value of more than 24 individual empty beverage containers returned by any one person during one day.

(b) If a dealer redemption center is established in a city having a population of less than 10,000 people, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall specify a dealer redemption center convenience zone. The dealer redemption center convenience zone shall be the sector within a radius of not more than one mile around the dealer redemption center. Any dealer doing business within a dealer redemption center convenience zone may participate in, be served by and pay the cost of participation in the dealer redemption center and receive the benefit provided for in paragraph (a) of this subsection.

SECTION 35. ORS 459A.742 is amended to read:

459A.742. In addition to the authority granted under ORS 459.992, inspectors and investigators employed by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** have authority to inspect any space occupied by a dealer for compliance with ORS 459A.738.

SECTION 36. ORS 459A.744 is amended to read:

459A.744. The Bottle Bill Fund is established in the State Treasury, separate and distinct from the General Fund. Interest earned by the Bottle Bill Fund shall be credited to the fund. Moneys in the fund are continuously appropriated to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** and may be used to pay the costs of the commission in carrying out the duties of the commission under ORS 459A.700 to 459A.744.

SECTION 37. ORS 461.217 is amended to read:

461.217. (1) As used in this section, "video lottery game retailer" means a contractor under contract with the Oregon State Lottery to place video lottery game terminals on premises authorized by the contract.

(2) A video lottery game terminal that offers a video lottery game authorized by the Director of the Oregon State Lottery:

(a) May be placed for operation only in or on the premises of an establishment that has a contract with the Oregon State Lottery as a video lottery game retailer.

(b) Must be within the control of an employee of the video lottery game retailer.

(c) May not be placed in any other business or location.

(3) A video lottery game terminal may be placed only on the premises of an establishment licensed by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** with a full on-premises sales license, a limited on-premises sales license or a brewery-public house license. A video lottery game terminal may be placed only in that part of the premises that is posted by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** as being closed to minors. In addition to the requirements of this subsection, the director may by rule establish other criteria and conditions as the director determines appropriate for the placement of video lottery game terminals in establishments.

(4) No more than six video lottery game terminals may be placed in or on premises described in subsection (3) of this section.

(5) No more than 10 video lottery game terminals may be placed in or on the premises of a race meet licensee licensed under ORS 462.020 that qualifies as a video lottery game retailer.

SECTION 38. ORS 471.001 is amended to read:

471.001. As used in this chapter and ORS chapter 473:

(1) “Alcoholic beverage” and “alcoholic liquor” mean any liquid or solid containing more than one-half of one percent alcohol by volume and capable of being consumed by a human being.

(2) “Commercial establishment” means a place of business:

(a) Where food is cooked and served;

(b) That has kitchen facilities adequate for the preparation and serving of meals;

(c) That has dining facilities adequate for the serving and consumption of meals; and

(d) That:

(A) If not a for-profit private club, serves meals to the general public; or

(B) If a for-profit private club, serves meals to the club’s members and guests and complies with any minimum membership and food service requirements established by [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** rules.

(3) “Commission” means the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**.

(4) “Distilled liquor” means any alcoholic beverage other than a wine, cider or malt beverage. “Distilled liquor” includes distilled spirits.

(5) “Licensee” means any person holding a license issued under this chapter.

(6)(a) “Malt beverage” means an alcoholic beverage obtained by the fermentation of grain that contains not more than 14 percent alcohol by volume.

(b) “Malt beverage” includes:

(A) Beer, ale, porter, stout and similar alcoholic beverages containing not more than 14 percent alcohol by volume;

(B) Malt beverages containing six percent or less alcohol by volume and that contain at least 51 percent alcohol by volume obtained by the fermentation of grain, as long as not more than 49 percent of the beverage’s overall alcohol content is obtained from flavors and other added nonbeverage ingredients containing alcohol; and

(C) Malt beverages containing more than six percent alcohol by volume that derive not more than 1.5 percent of the beverage’s overall alcohol content by volume from flavors and other added nonbeverage ingredients containing alcohol.

(c) “Malt beverage” does not include cider or an alcoholic beverage obtained primarily by fermentation of rice, such as sake.

(7) “Manufacturer” means every person who produces, brews, ferments, manufactures or blends an alcoholic beverage within this state or who imports or causes to be imported into this state an alcoholic beverage for sale or distribution within the state.

(8) “Permittee” means a person holding a permit issued under ORS 471.360 to 471.385.

(9) “Premises” or “licensed premises” means a location licensed under this chapter and includes all enclosed areas at the location that are used in the business operated at the location, including offices, kitchens, rest rooms and storerooms, including all public and private areas where patrons are permitted to be present. “Premises” or “licensed premises” includes areas outside of a building that the commission has specifically designated as approved for alcoholic beverage service or consumption.

(10) “Regulatory specialist” means a full-time employee of the commission who is authorized to act as an agent of the commission in conducting inspections or investigations, making arrests and seizures, aiding in prosecutions for offenses, issuing citations for violations and otherwise enforcing this chapter, ORS 474.005 to 474.095, 474.115, 475B.010 to 475B.545, 475B.550 to 475B.590 and 475B.600 to 475B.655, commission rules and any other statutes the commission considers related to regulating liquor, marijuana or marijuana-derived products.

(11) “Wine” means any fermented vinous liquor or fruit juice, or other fermented beverage fit for beverage purposes that is not a malt beverage, containing more than one-half of one percent of alcohol by volume and not more than 21 percent of alcohol by volume. “Wine” includes fortified wine. “Wine” does not include cider.

SECTION 39. ORS 471.038 is amended to read:

471.038. (1) Nonbeverage food products described in subsection (6) of this section may be sold at retail by any holder of a license issued by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** that authorizes the sale of alcoholic liquor at retail, or in any store operated by the commission under the provisions of ORS 471.750. Any nonbeverage food product containing more than one-half of one percent of alcohol by volume must be clearly labeled to reflect the alcohol content of the product and clearly labeled on the front of the package to indicate that the product may not be sold to persons under 21 years of age.

(2) Except as provided by this section, sales of nonbeverage food products described in subsection (6) of this section are subject to all provisions of this chapter, including the prohibitions on sales to persons under 21 years of age and the prohibitions on sales to persons who are visibly intoxicated.

(3) Nonbeverage food products described in subsection (6) of this section may be imported, stored and distributed in this state without a license issued by the commission. Nonbeverage food products described in subsection (6) of this section are not subject to the privilege taxes imposed by ORS chapter 473.

(4) Manufacturers of nonbeverage food products described in subsection (6) of this section are not subject to the provisions of ORS 471.392 to 471.400, 471.485, 471.490 or 471.495 or any other provision of this chapter relating to manufacturers of alcoholic liquor. A manufacturer of nonbeverage food products described in subsection (6) of this section may sell and deliver the product directly to a licensee authorized under this section to sell the product at retail.

(5) The holder of a distillery license issued under ORS 471.230 who is also a manufacturer of nonbeverage food products described in subsection (6) of this section may purchase distilled liquor directly from other distilleries.

(6) The provisions of this section apply only to nonbeverage food products that contain not more than five percent alcohol by weight or 10 percent alcohol by volume, whichever is greater.

SECTION 40. ORS 471.039 is amended to read:

471.039. (1) Notwithstanding any provision of this chapter, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may not require the owners, operators and employees of a cruise ship to have a license or permit issued under the provisions of this chapter for the purpose of possessing, transporting, storing, selling or serving alcoholic beverages that are described in subsection (3) of this section.

(2) The provisions of ORS 471.740 do not apply to alcoholic beverages that are described in subsection (3) of this section.

(3) The provisions of this section apply only to alcoholic beverages that are served aboard a cruise ship and that are served solely for the purpose of onboard consumption by a cruise ship's passengers, guests, officers and employees.

(4) For the purposes of this section, "cruise ship" means a marine vessel used primarily for nonfishing purposes that is licensed to carry at least 500 passengers, provides overnight accommodations for those passengers and operates on the rivers or waterways within the boundaries of the State of Oregon, including docking and dry docking, fewer than 45 days during a calendar year.

SECTION 41. ORS 471.040 is amended to read:

471.040. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** has the powers and duties specified in this chapter and ORS 474.105 and 474.115, and also the powers necessary or proper to enable it to carry out fully and effectually all the purposes of this chapter and ORS 474.105 and 474.115. It shall make such rules and regulations pertaining to natural and fortified wines as will prevent the importation and sale in Oregon of blended, rectified, adulterated or low-quality wines. The jurisdiction, supervision, powers and duties of the commission extend to any person who buys, sells, manufactures, imports or transports any alcoholic liquor within this state. The commission may sue and be sued.

(2) Except for the power to adopt rules, the commission may delegate any of the commission's powers or duties to the administrator appointed under ORS 471.720.

SECTION 42. ORS 471.105 is amended to read:

471.105. Before being qualified to purchase alcoholic liquor from the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, a person must be at least 21 years of age.

SECTION 43. ORS 471.115 is amended to read:

471.115. The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may limit the quantity of alcoholic liquor purchased at any one time by any person. It may limit the amount of purchases within any length of time so as effectually to prevent the resale of such liquors.

SECTION 44. ORS 471.130 is amended to read:

471.130. (1) All licensees and permittees of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, before selling or serving alcoholic liquor to any person about whom there is any reasonable doubt of the person's having reached 21 years of age, shall require such person to produce one of the following pieces of identification:

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

(b) The person's motor vehicle operator's license issued by this state or another state of the United States.

(c) An identification card issued under ORS 807.400.

(d) A United States military identification card.

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

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

(g) Proof of the person's participation in the Secure Electronic Network for Travelers Rapid Inspection program operated by United States Customs and Border Protection, the NEXUS program jointly operated by that agency and the Canada Border Services Agency, or a successor to either of those programs that is recognized by the commission.

(2) If a person does not have identification as described in subsection (1) of this section, the permittee or licensee shall require such person to make a written statement of age and furnish evidence of the person's true age and identity. The written statement of age shall be on a form furnished or approved by the commission, including but not limited to the following information:

Date _____

I am 21 years of age or over. _____
Signature

Description of evidence in support of age and identity:

_____ Identification No. (if any) _____

_____ Identification No. (if any) _____

(Fill in information pertaining to any two or more pieces of evidence submitted by the person.)

I hereby certify that I have accurately recorded identification of the evidence submitted to complete this form.

Signature of permittee or licensee

A person under 21 years of age who knowingly misrepresents the person's true age with the intent of obtaining alcohol in violation of ORS chapter 471 may be subject to criminal penalties under ORS 165.805.

SECTION 44a. If House Bill 2264 becomes law, section 44 of this 2021 Act (amending ORS 471.130) is repealed and ORS 471.130, as amended by section 5, chapter __, Oregon Laws 2021 (Enrolled House Bill 2264), is amended to read:

471.130. (1) Before selling or serving an alcoholic beverage to any person about whom there is any reasonable doubt of the person's having reached 21 years of age, a licensee or permittee shall require the person to produce one of the following pieces of identification:

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

(b) The person's motor vehicle operator's license issued by this state or another state of the United States or a province or territory of Canada.

(c) An identification card issued under ORS 807.400.

(d) A United States military identification card.

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

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

(g) Proof of the person's participation in the Secure Electronic Network for Travelers Rapid Inspection program operated by United States Customs and Border Protection, the NEXUS program jointly operated by that agency and the Canada Border Services Agency, or a successor to either of those programs that is recognized by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**.

(h) Any other form of identification as defined by the commission by rule.

(2) If a person does not have identification as described in subsection (1) of this section, the permittee or licensee shall require the person to make a written statement of age and furnish evidence of the person's true age and identity. The written statement of age shall be on a form furnished or approved by the commission, including but not limited to the following information:

Date _____

I am 21 years of age or over. _____

Signature

Description of evidence in support of age and identity:

_____ Identification No. (if any) _____

_____ Identification No. (if any) _____

(Fill in information pertaining to any two or more pieces of evidence submitted by the person.)

I hereby certify that I have accurately recorded identification of the evidence submitted to complete this form.

Signature of permittee or licensee

A person under 21 years of age who knowingly misrepresents the person's true age with the intent of obtaining alcohol in violation of ORS chapter 471 may be subject to criminal penalties under ORS 165.805.

SECTION 45. ORS 471.155 is amended to read:

471.155. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall provide for the licensing of persons and cities within the state to manufacture, distribute, take orders for and sell spirits, wines, beer and other alcoholic liquors. Except as provided in subsection (2) of this section, the holder of a brewery, winery, wholesale, warehouse, grower sales privilege or brewery-public house license or the holder of a wine self-distribution permit shall give, and at all times maintain on file with the commission, a bond with a corporate surety authorized to transact business in this state. The bond shall be in form and amount acceptable to the commission, shall be payable to the commission and conditioned that the licensee or permittee will pay any fine imposed for any violation of any provision of the Liquor Control Act and that the licensee or permittee will pay all license fees, privilege taxes, taxes imposed under ORS 473.045 and other taxes on alcoholic liquors, together with penalties and interest thereon, levied or assessed against the licensee or permittee under statutes relating to the importation, manufacture, distribution, sale or taxation of alcoholic liquors in the State of Oregon.

(2) Under such conditions as the commission may prescribe, the holder of a brewery, winery, wholesale, warehouse, grower sales privilege or brewery-public house license or the holder of a wine self-distribution permit may deposit, in lieu of the bond required by subsection (1) of this section, the equivalent value in cash, bank letters of credit recognized by the State Treasurer or negotiable securities of a character approved by the State Treasurer. The deposit is to be made in a bank or trust company for the benefit of the commission. Interest on deposited funds or securities shall accrue to the depositor.

SECTION 46. ORS 471.157 is amended to read:

471.157. The licenses described in this chapter may be issued by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, subject to its regulations and restrictions and the provisions of the Liquor Control Act.

SECTION 47. ORS 471.159 is amended to read:

471.159. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may not license a location that does not have defined boundaries.

(2) A licensed premises need not be enclosed by a wall, fence or other structure, but the commission may require that any licensed premises be enclosed as a condition of issuing or renewing a license.

(3) Except as provided in ORS 471.182, the commission may not license premises that are mobile.

SECTION 48. ORS 471.162 is amended to read:

471.162. (1) Hospitals, sanitariums, convalescent homes, rest homes, retirement homes and facilities for the care of the elderly that have been licensed or registered by the state may sell and serve alcoholic beverages to patients, inmates and residents, and to bona fide visitors and guests of patients, inmates and residents, without a license issued under this chapter. Facilities authorized to sell and serve alcoholic beverages without a license under this subsection may not sell or serve alcoholic beverages after 10 p.m. except upon a physician's prescription.

(2) A person who operates a private residence that is not a boarding house but that accommodates transient guests for a limited duration may sell and serve wine, malt beverages and cider to registered overnight guests without a license. Facilities authorized to sell and serve alcoholic beverages without a license under this subsection must have six or fewer guest units.

(3) A person who is an employee or agent of the holder of a license issued under this chapter that authorizes wholesale distribution of alcoholic beverages may, on behalf of the licensee, sell alcoholic beverages in factory-sealed containers to retail licensees and wholesalers.

(4) A pharmacist licensed under the laws of this state may sell alcoholic beverages without a license. Pharmacists may only sell alcoholic beverages under the provisions of this section if the alcoholic beverages are drugs as defined in ORS 689.005. A pharmacist may sell alcoholic beverages under the provisions of this subsection pursuant to a prescription, in containers of not more than one quart capacity.

(5) A wine collector, or the agent of a wine collector, may sell wine in factory-sealed containers at auction without a license. Any wine sold under this subsection must have been held by the collector for at least a six-month period. A wine collector must receive written approval from the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** before conducting a sale under this subsection. No more than one sale in a 12-month period may be conducted by a wine collector under the provisions of this subsection.

(6) A nonprofit or charitable organization registered in this state may sell wine, malt beverages and cider, including but not limited to donated homemade malt beverages, wine and fermented fruit juices, and a total of not more than four liters of distilled liquor, in factory-sealed containers at an auction or through a raffle without a license. The organization must receive written approval from the commission before conducting an auction or raffle under this subsection. The organization may conduct no more than one auction or raffle under this subsection in a 12-month period. The auction or raffle may not have a duration of more than one day. The organization may sell under this subsection wine, malt beverages, cider and distilled liquor purchased by or donated to the organization. Except for donated homemade malt beverages, wine and fermented fruit juices, the purchased or donated wine, malt beverages, cider and distilled liquor must be imported into this state by the commission or be manufactured in or imported into this state under a brewery, brewery-public house, distillery, grower sales privilege, winery or wholesale malt beverage and wine license. As used in this subsection, "homemade" has the meaning given that term in ORS 471.037.

(7) A manufacturer may sell proprietary or patent medicines, perfumes, lotions, flavoring extracts, medicinal tinctures and other preparations unfit for beverage purposes without a license.

SECTION 49. ORS 471.166 is amended to read:

471.166. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may require that every applicant for issuance or renewal of a license under this chapter acquire a written recommendation from the governing body of the county if the place of business of the applicant is outside an incorporated city, and from the city council if the place of business of the applicant is within an incorporated city. The commission may take such written recommendation into consideration before granting or refusing the license.

(2) If the commission requires that an applicant for issuance of a new license acquire the written recommendation of a local government, the applicant must give notice to the local government when an application is made for issuance of the license. If the local government files a favorable recommendation with the commission within 45 days after the notice is given, the commission shall proceed with consideration of the application. The commission shall proceed with consideration of the application as though the local government had made a favorable recommendation unless, within 45 days after notice is given to the local government:

(a) The local government files an unfavorable recommendation with the commission with a statement of the grounds for the unfavorable recommendation; or

(b) The local government files a request for additional time with the commission that sets forth the reason additional time is needed by the local government, a statement that the local government is considering making an unfavorable recommendation on the application, and the specific grounds on which the local government is considering making an unfavorable recommendation.

(3) If the commission requires that an applicant for renewal of a license acquire the written recommendation of a local government under this section, the commission shall give notice to the local government when an application is due for renewal of the license. If the local government files a favorable recommendation with the commission within 60 days after the notice is given, the commission shall proceed with consideration of the application. The commission shall proceed with

consideration of the application as though the local government had made a favorable recommendation unless within 60 days after notice is given to the local government:

(a) The local government files an unfavorable recommendation with the commission with a statement of the grounds for the unfavorable recommendation; or

(b) The local government files a request for additional time with the commission that sets forth the reason additional time is needed by the local government, a statement that the local government is considering making an unfavorable recommendation on the application, and the specific grounds on which the local government is considering making an unfavorable recommendation.

(4) The commission shall suspend consideration of an application subject to this section for a reasonable period of time if a local government requests additional time under subsection (2)(b) or (3)(b) of this section and the grounds given by the local government are valid grounds for an unfavorable determination under this chapter or rules adopted by the commission. The commission shall by rule establish the period of time that shall be granted to a local government pursuant to a request under subsections (2)(b) and (3)(b) of this section.

(5) The commission shall by rule establish valid grounds for unfavorable recommendations by local governments under this section. Valid grounds established by the commission under this section for an unfavorable recommendation by a local government must be limited to those grounds considered by the commission in making an unfavorable determination on a license application.

(6) A person filing an application for issuance or renewal of a license that is subject to this section must remit to the local government the fees established under subsections (7) and (8) of this section. The commission shall give notice to the applicant for license renewal of the amount of the fees and the name of the local government collecting the fees. The commission is not responsible for collecting the fees charged by the local government or for ensuring that the fees have been paid. An applicant for a license renewal shall certify in the application form filed with the commission that the applicant has paid any fees required under this section.

(7) An applicant required to seek a written recommendation from a local government must pay an application fee to the local government, in an amount determined by the governing body of the city or county, for each application for a license. The application fee established by a local government under this subsection may not exceed \$25.

(8) After public notice and hearing, the governing body of a city or county may adopt an ordinance, rule or resolution prescribing licensing guidelines to be followed in making recommendations on license applications under this chapter and in allowing opportunity for public comment on applications. If the guidelines are approved by the commission as consistent with commission rules, after public notice and hearing the governing body may adopt an ordinance, rule or regulation establishing a system of fees that is reasonable and necessary to pay expenses of processing the written recommendation. Processing fees under this subsection are in lieu of fees under subsection (7) of this section. In no case shall the processing fee under this subsection be greater than \$100 for an original application, \$75 for a change in ownership, change in location or change in privilege application, and \$35 for a renewal or temporary application.

SECTION 50. ORS 471.168 is amended to read:

471.168. (1) For the purpose of providing coverage for injuries suffered by persons by reason of the conduct of intoxicated persons who were served alcoholic beverages on licensed premises while visibly intoxicated, all persons holding a license described in this section must either:

(a) Maintain liquor liability insurance of not less than \$300,000; or

(b) Maintain a bond with a corporate surety authorized to transact business in this state in the amount of not less than \$300,000.

(2) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may by rule require liquor liability insurance or bond in an amount larger than the minimum amount provided for in subsection (1) of this section.

(3) The requirements of this section apply to full on-premises sales licenses, limited on-premises sales licenses and brewery-public house licenses. The requirements of this section apply to temporary sales licenses, special events winery licenses, special events grower sales privilege licenses,

special events brewery-public house licenses, special events brewery licenses and special events distillery licenses if the event that is licensed is open to the public and attendance at the event is anticipated to exceed 300 individuals per day.

(4) The requirements of this section apply to winery licenses, brewery licenses and grower sales privilege licenses unless an applicant for issuance of the license or renewal of the license submits with the application for issuance or renewal of the license an affidavit that states that the licensee will not allow consumption of alcoholic beverages on the premises.

(5) All licensees subject to the requirements of this section must supply proof of compliance at the time the license is issued or renewed. The commission by rule shall determine the manner in which proof of compliance may be made under the provisions of this subsection. The commission may require a licensee to present proof of compliance with liquor liability insurance and bond requirements at any time upon request of the commission.

(6) Failure of a licensee to comply with liquor liability insurance or bond requirements imposed under this section constitutes a serious threat to public health and safety. In addition to any action available to the commission under ORS 471.313 or 471.315, the commission may immediately suspend or refuse renewal of a license as provided under ORS 183.430 (2) if the licensee fails to comply with those insurance or bond requirements.

(7) If a licensee fails to provide proof of compliance with liquor liability insurance or bond requirements imposed under this section at the time of license renewal or when requested by the commission, the failure is sufficient reason for the commission to find for purposes of ORS 183.430 (2) that the licensee has failed to comply with the insurance or bond requirements.

SECTION 51. ORS 471.175 is amended to read:

471.175. (1) The holder of a full on-premises sales license may sell by the drink at retail wine, malt beverages, cider and distilled liquor. Except as provided in this section, all alcoholic beverages sold under a full on-premises sales license must be consumed on the licensed premises.

(2) A full on-premises sales license may be issued only to:

(a) A nonprofit private club, as described in subsection (8) of this section.

(b) A public passenger carrier as provided in ORS 471.182.

(c) A commercial establishment, as defined in ORS 471.001 (2).

(d) A public location that does not qualify for licensing under paragraphs (a) to (c) of this subsection if:

(A) Food is cooked and served at the location;

(B) The predominant business activity at the location is other than the preparation or serving of food or the serving of alcohol; and

(C) The location meets any minimum food service requirements established by [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** rule.

(e) A caterer, subject to the requirements of ORS 471.184.

(3) The holder of a full on-premises sales license shall allow a patron to remove a partially consumed bottle of wine from the licensed premises if the wine is served in conjunction with the patron's meal, the patron is not a minor and the patron is not visibly intoxicated.

(4) The holder of a full on-premises sales license is entitled to purchase any distilled liquor from an agent of the commission appointed pursuant to ORS 471.750 at a discount of not more than five percent off the regular listed price fixed by the commission, together with all taxes, in a manner prescribed by commission rule. For purposes of compensation by the commission, the appointed agent shall be credited with such sales at full retail cost. The commission may not require the licensee to purchase more than one container of distilled liquor at a time if the distilled liquor:

(a) Except as provided in subsection (9) of this section, has a retail sales price of \$30 or more per container;

(b) Is available through a distributor in the United States that does not require the commission to acquire more than one case of the distilled liquor in a single transaction;

(c) Is not regularly stocked by the commission; and

(d) Is ordered in a 750 milliliter container size if available in that size.

(5) The holder of a full on-premises sales license may purchase distilled liquor only from a retail sales agent of the commission or from another person licensed under this section who has purchased the distilled liquor from a retail sales agent of the commission.

(6) The holder of a full on-premises sales license may sell factory-sealed containers of wine to a person who organizes a private gathering on the licensee's premises if the wine was acquired as part of a larger purchase of wine by the licensee for the purpose of the gathering and only part of the larger purchase was consumed at the gathering. Wine sold under this subsection may be sold only for an amount adequate to compensate the licensee for the amounts paid by the licensee for the wine.

(7) The holder of a full on-premises sales license may sell for consumption off the licensed premises malt beverages, wines and cider in securely covered containers provided by the consumer and having capacities of not more than two gallons each.

(8) A nonprofit private club, including but not limited to a fraternal or veterans organization, may qualify for a full on-premises sales license under this section only if the club meets any minimum membership, nonprofit status and food service requirements established by commission rule.

(9) Beginning January 1, 2017, the commission may annually adjust the price threshold established in subsection (4)(a) of this section by a percentage equal to the percentage change in the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor. However, the commission may not adjust the price threshold to be less than \$30.

SECTION 52. ORS 471.180 is amended to read:

471.180. A full or limited on-premises sales license issued to a hotel or arena under the provisions of this chapter authorizes the person to whom the license is issued to provide for in-room supplies of the alcoholic beverages otherwise authorized to be sold under the license. Any in-room supply of alcoholic beverages that are available for purchase by patrons of the hotel or arena shall be kept in a locked cabinet, and shall conform with any rules that the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may promulgate to ensure the enforcement of other provisions of this chapter.

SECTION 53. ORS 471.182 is amended to read:

471.182. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may grant a full or limited on-premises sales license to the owner or operator of a licensed public passenger carrier only as specified in this section. A public passenger carrier licensed by the commission under this section must serve food as required by rules of the commission.

(2) The commission may issue a full on-premises sales license to:

(a) An airline for use in operating aircraft that are licensed to carry at least 40 passengers and that arrive at or depart from an airport in this state.

(b) A railroad corporation for use in operating passenger trains in this state.

(c) The owner or operator of one or more tour boats that are licensed to carry at least 40 passengers to or from any port of this state and that are primarily used for nonfishing purposes.

(3) The commission may issue a limited on-premises sales license to any of the persons specified in subsection (2) of this section. In addition, the commission may issue a limited on-premises sales license to the owner or operator of a licensed public passenger carrier not described in subsection (2) of this section if the carrier is a mobile vehicle that is licensed to carry at least 40 passengers.

(4) A license issued to a commercial airline under this section grants the licensee the privilege of accepting delivery and storing alcoholic liquor at designated storage facilities in this state for subsequent retail sale to the airline's ticketed passengers while aboard a commercial airplane. Storage facilities described in this subsection are subject to the prior written approval of the commission if at a location other than the primary premises address listed on the license certificate.

SECTION 54. ORS 471.184 is amended to read:

471.184. (1) The holder of a full or limited on-premises sales license may cater a temporary event at a location other than the licensed premises if the event is not open to the general public. Catering of an event under this subsection must be pursuant to a contract with a client. The con-

tract must provide that the licensee will furnish food and beverage services for no more than 100 patrons. The licensee must serve food as required by rules of the commission. The licensee may cater events under this subsection without giving advance notice to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** if, before the event occurs, the commission gives written approval to the licensee authorizing catering pursuant to this subsection. Events catered under the provisions of this subsection must meet all requirements for enclosure of premises that may be imposed by the commission for the purposes of this section. Notwithstanding ORS 471.175 (3) and (7) and 471.178 (2) to (4), the licensee may not permit patrons of the event to remove any alcoholic beverages from the premises of the event.

(2) In addition to catered events under subsection (1) of this section, the commission may by rule allow the exercise of the privileges of a full or limited on-premises sales license at temporary events held at locations other than the licensed premises. The commission may:

(a) Require notice to the commission before the exercise of license privileges at temporary events under this subsection;

(b) Require that written approval by the commission be obtained before the exercise of license privileges at temporary events under this subsection;

(c) Establish eligibility criteria for the exercise of license privileges at temporary events under this subsection; and

(d) Establish fees reasonably calculated to cover administrative expenses incurred by the commission in administering this subsection.

SECTION 55. ORS 471.186 is amended to read:

471.186. (1) The holder of an off-premises sales license may sell factory-sealed containers of malt beverages, wine and cider. Factory-sealed containers of malt beverages sold under the license may not hold more than two and one-quarter gallons.

(2) The holder of an off-premises sales license may sell for consumption off the licensed premises malt beverages, wines and cider in securely covered containers supplied by the consumer and having capacities of not more than two gallons each.

(3) The holder of an off-premises sales license may provide sample tasting of alcoholic beverages on the licensed premises if the licensee makes written application to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** and receives approval from the commission to conduct tastings on the premises. Tastings must be limited to the alcoholic beverages that may be sold under the privileges of the license.

(4) An off-premises sales license may not be issued for use at a premises that is mobile.

(5) Except as provided in ORS 471.402, a manufacturer or wholesaler may not provide or pay for sample tastings of alcoholic beverages for the public on premises licensed under an off-premises sales license.

(6) The holder of an off-premises sales license may deliver malt beverages, wine or cider that is sold under the privileges of the license to retail customers in this state without a direct shipper permit issued under ORS 471.282. Any deliveries by the holder of an off-premises sales license are subject to any rules adopted by the commission relating to deliveries made under this subsection. Deliveries under this subsection:

(a) May be made only to a person who is at least 21 years of age;

(b) May be made only for personal use and not for the purpose of resale; and

(c) Must be made in containers that are conspicuously labeled with the words: "CONTAINS ALCOHOL: SIGNATURE OF PERSON AGE 21 YEARS OR OLDER REQUIRED FOR DELIVERY."

(7) The holder of an off-premises sales license that makes deliveries of malt beverages, wine or cider under subsection (6) of this section must take all actions necessary to ensure that a carrier used by the licensee does not deliver any malt beverages, wine or cider unless the carrier:

(a) Obtains the signature of the recipient of the malt beverages, wine or cider upon delivery;

(b) Verifies by inspecting government-issued photo identification that the recipient is at least 21 years of age; and

(c) Determines that the recipient is not visibly intoxicated at the time of delivery.

(8) Any person who knowingly or negligently delivers malt beverages, wine or cider under the provisions of this section to a person under 21 years of age, or who knowingly or negligently delivers malt beverages, wine or cider under the provisions of this section to a visibly intoxicated person, violates ORS 471.410.

(9) If a court determines that deliveries of malt beverages, wine or cider under subsection (6) of this section cannot be restricted to holders of off-premises sales licenses, and the decision is a final judgment that is no longer subject to appeal, the holder of an off-premises sales license may not make deliveries of malt beverages, wine or cider under the provisions of subsection (6) of this section after entry of the final judgment.

SECTION 56. ORS 471.190 is amended to read:

471.190. (1) The holder of a temporary sales license may:

(a) Sell at retail by the drink wine, malt beverages, cider and distilled liquor.

(b) Sell for consumption off the licensed premises wine, malt beverages and cider in factory-sealed containers.

(c) Sell for consumption off the licensed premises wine, malt beverages and cider in securely covered containers supplied by the consumer and having capacities of not more than two gallons each.

(2) Distilled liquor served by the holder of a temporary sales license must be purchased from a retail sales agent of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**. The holder of a temporary sales license must provide food service as required by commission rule.

(3) A temporary sales license may be issued only to:

(a) Nonprofit or charitable organizations that are registered with the state.

(b) A political committee that has filed a statement of organization under ORS 260.039 or 260.042.

(c) State agencies.

(d) Local governments, and agencies and departments of local governments.

(e) Persons not otherwise described in this subsection, as long as the applicant submits a plan that is approved by the commission detailing how minors will be prevented from gaining access to alcoholic beverages and how minors will be prevented from gaining access to any portion of the licensed premises prohibited to minors under ORS 471.430 (3) or any rule adopted by the commission.

(4) The commission may by rule establish additional eligibility requirements for temporary sales licenses.

(5) Subject to such qualifications as the commission may establish by rule, persons who hold a full or limited on-premises sales license are eligible for temporary sales licenses.

(6) A person holding a temporary sales license is not required to obtain an intermittent temporary restaurant, seasonal temporary restaurant, single-event temporary restaurant license or mobile unit license under ORS chapter 624 if only wine, malt beverages and cider in single-service containers are served and only nonperishable food items that are exempted from licensure by the Oregon Health Authority are served.

(7) Employees and volunteers serving alcoholic beverages for a nonprofit or charitable organization licensed under this section are not required to have service permits or to complete an alcohol server education program and examination under ORS 471.542. The commission by rule may establish education requirements for servers described in this subsection.

(8) Notwithstanding ORS 471.392 to 471.400, a temporary sales license may be issued to a nonprofit trade association that has a membership primarily composed of persons that hold winery licenses issued under ORS 471.223 or grower sales privilege licenses issued under ORS 471.227.

SECTION 57. ORS 471.200 is amended to read:

471.200. (1) A brewery-public house license allows the licensee:

(a) To manufacture on the licensed premises, store, transport, sell to wholesale malt beverage and wine licensees of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** and export malt beverages;

(b) To sell malt beverages manufactured on or off the licensed premises at retail for consumption on or off the premises;

(c) To sell malt beverages in brewery-sealed packages at retail directly to the consumer for consumption off the premises;

(d) To sell on the licensed premises at retail malt beverages manufactured on or off the licensed premises in unpasteurized or pasteurized form directly to the consumer for consumption off the premises, delivery of which may be made in a securely covered container supplied by the consumer;

(e) To sell wine and cider at retail for consumption on or off the premises;

(f) To sell for consumption off the premises wines and cider in securely covered containers supplied by the consumer and having capacities of not more than two gallons each;

(g) To conduct the activities, except manufacturing, described in paragraphs (a) to (f) of this subsection at two locations other than the premises where the manufacturing occurs;

(h) To obtain a special events brewery-public house license entitling the holder to conduct the activities allowed under paragraphs (b) to (f) of this subsection at a designated location other than the location set forth in the brewery-public house license for a period not exceeding five days;

(i) To distribute malt beverages manufactured at the licensed premises to any other premises licensed to the same licensee, whether a manufacturer, wholesaler or retail premises; and

(j) To distribute for export, in any amount, malt beverages manufactured at the licensed premises.

(2) In addition to the privileges specified in subsection (1) of this section, in any calendar year a brewery-public house licensee may sell at wholesale and distribute to licensees of the commission no more than 7,500 barrels of malt beverages produced by the brewery-public house licensee.

(3) A brewery-public house licensee, or any person having an interest in the licensee, is a retail licensee for the purposes of ORS 471.394 and, except as otherwise provided by this section and ORS 471.396, may not acquire or hold any right, title, lien, claim or other interest, financial or otherwise, in, upon or to the premises, equipment, business or merchandise of any manufacturer or wholesaler, as defined in ORS 471.392. A brewery-public house licensee, or any person having an interest in the licensee, is also a manufacturer for the purposes of ORS 471.394 and, except as otherwise provided by this section and ORS 471.396, may not acquire or hold any right, title, lien, claim or other interest, financial or otherwise, in, upon or to the premises, equipment, business or merchandise of any other retail licensee, as defined in ORS 471.392.

(4)(a) Except as provided in this subsection, a brewery-public house licensee, or any person having an interest in the licensee, is a retail licensee for the purposes of ORS 471.398 and, except as otherwise provided by this section and ORS 471.400, may not accept directly or indirectly any financial assistance described in ORS 471.398 from any manufacturer or wholesaler, as defined in ORS 471.392. A brewery-public house licensee, or any person having an interest in the licensee, is also a manufacturer for the purposes of ORS 471.398 and, except as otherwise provided by this section and ORS 471.400, may not provide directly or indirectly any financial assistance described in ORS 471.398 to any retail licensee, as defined in ORS 471.392. The prohibitions on financial assistance in ORS 471.398 do not apply to financial assistance between manufacturing and retail businesses licensed to the same person under the provisions of this section.

(b) The commission may issue more than one brewery-public house license at a single premises if each licensee:

(A) Has a valid Brewer's Notice issued by the federal Alcohol and Tobacco Tax and Trade Bureau at the premises address; and

(B) Otherwise complies with ORS 471.398.

(c) A brewery-public house licensee may produce malt beverages for another brewery-public house licensee under a custom order agreement. The commission may adopt rules regarding the contents of custom order agreements.

(5) Notwithstanding subsection (3) of this section, a brewery-public house licensee, or any person having an interest in the licensee, may also hold a winery license authorized by ORS 471.223. A brewery-public house licensee, or any person having an interest in the licensee, may also hold a warehouse license authorized by ORS 471.242.

(6) Notwithstanding subsection (3) of this section, a brewery-public house licensee is eligible for limited on-premises sales licenses and temporary sales licenses.

(7) Notwithstanding subsection (3) of this section, a brewery-public house licensee, or any person having an interest in the licensee, may also hold a full on-premises sales license. If a person holds both a brewery-public house license and a full on-premises sales license, nothing in this chapter shall prevent the sale by the licensee of both distilled liquor and malt beverages manufactured under the brewery-public house license.

(8) Notwithstanding any other provision of this chapter, a brewery-public house licensee, or any person having an interest in the licensee, may also hold a distillery license. No provision of this chapter prevents a brewery-public house licensee that also holds a distillery license from being appointed by the commission as the distillery's retail outlet agent for the purpose of selling distilled liquors under ORS 471.230.

(9) Notwithstanding subsection (3) of this section, the commission by rule may authorize a brewery-public house licensee to coproduce special events with other manufacturers.

(10)(a) Notwithstanding subsection (3) of this section, a brewery-public house licensee may hold, directly or indirectly, an interest in a manufacturer or wholesaler, provided that the interest does not result in exercise of control over, or participation in the management of, the manufacturer's or wholesaler's business or business decisions and does not result in exclusion of any competitor's brand of alcoholic liquor.

(b) Notwithstanding subsection (3) of this section, a manufacturer or wholesaler, and any officer, director or substantial stockholder of any corporate manufacturer or wholesaler, may hold, directly or indirectly, an interest in a brewery-public house licensee, provided that the interest does not result in exercise of control over, or participation in the management of, the licensee's business or business decisions and does not result in exclusion of any competitor's brand of alcoholic liquor.

(11) For purposes of ORS chapter 473, a brewery-public house licensee shall be considered to be a manufacturer.

SECTION 58. ORS 471.221 is amended to read:

471.221. (1) As used in this section, "common control" means:

(a) That a manufacturer, or any officer, director, substantial stockholder or other substantial equity holder in the manufacturer:

(A) Directly or indirectly holds 50 percent or more interest in the brewery licensee; or

(B) Has authority to direct the management of the brewery licensee; or

(b) That a brewery licensee, or any officer, director, substantial stockholder or other substantial equity holder in the brewery licensee:

(A) Directly or indirectly holds 50 percent or more interest in another manufacturer; or

(B) Has authority to direct the management of another manufacturer.

(2) A brewery license authorizes the licensee to:

(a) Manufacture malt beverages on the licensed premises.

(b) Sell to wholesale malt beverage and wine licensees, import, store, transport or export:

(A) Malt beverages produced on the licensed premises; or

(B) Malt beverages of a brand produced by a manufacturer that is under common control with the brewery licensee.

(c) Sell wine, malt beverages or cider on the licensed premises at retail for consumption on or off the licensed premises.

(d) Sell, in securely covered containers supplied by the consumer and having a capacity of not more than two gallons each, wine, malt beverages or cider for off-premises consumption.

(e) Obtain a special events brewery license that entitles the holder to conduct the activities allowed under paragraphs (c) and (d) of this subsection at a designated location other than the one set forth in the brewery license for a period not exceeding five days.

(f) Notwithstanding ORS 471.392 to 471.400, subject to ORS 471.175, hold a full on-premises sales license.

(g) Conduct any activities authorized under paragraph (c), (d) or (f) of this subsection at up to two additional locations approved by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**.

(3) Subject to ORS 471.235, a brewery licensee may hold a wholesale malt beverage and wine license. A brewery licensee must hold a wholesale malt beverage and wine license if the brewery licensee:

(a) Imports, stores, transports or exports malt beverages of brands that are not produced by the licensee or a manufacturer under common control with the licensee; or

(b) Except as provided in this paragraph, sells or distributes malt beverages. This paragraph does not apply to malt beverages described in subsection (2)(a) or (b) of this section sold at a licensed premises described in subsection (2)(a) of this section.

(4) A brewery licensee and a winery licensee may not be under common control unless the winery licensee:

(a) Uses its premises to produce wine or cider; and

(b) Holds a valid producer and blender basic permit issued by the federal Alcohol and Tobacco Tax and Trade Bureau.

(5) Notwithstanding any other provision of this chapter, a brewery licensee, a manufacturer that is under common control with the brewery licensee or any officer, director, substantial stockholder or other substantial equity holder in the brewery licensee or in a manufacturer that is under common control with the brewery licensee may not sell malt beverages at retail at more than three locations in this state regardless of the number or type of licenses held by the licensee, manufacturer, officer, director, stockholder or equity holder.

(6) A brewery licensee may produce malt beverages for a brewery-public house licensee under a custom order agreement. The commission may adopt rules regarding the contents of custom order agreements.

SECTION 59. ORS 471.223 is amended to read:

471.223. (1) As used in this section, "control" means that the licensee:

(a) Owns the brand under which the wine or cider is labeled; or

(b) Performs or has the legal right to perform all of the acts common to a brand owner under the terms of a trademark license or similar agreement that for the brand under which the wine or cider is labeled has a term of at least three years.

(2) A winery license shall allow the licensee:

(a) To import wine or cider in containers that have a capacity of more than four liters.

(b) To import wine or cider in containers that have a capacity of four liters or less if the brand of wine or cider is under the control of the licensee.

(c) To bottle, produce, blend, store, transport or export wines or cider.

(d) To sell wines or cider at wholesale to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** or to licensees of the commission.

(e) To sell wines or cider at retail directly to the consumer for consumption on or off the licensed premises.

(f) To sell malt beverages at retail for consumption on or off the licensed premises.

(g) To sell for consumption off the premises malt beverages, wines and cider in securely covered containers supplied by the consumer and having capacities of not more than two gallons each.

(h) To conduct under that license any activities described in paragraphs (a) to (g) of this subsection at five or fewer premises designated by the commission.

(i) To purchase from or through the commission brandy or other distilled liquors for fortifying wines.

(j) To obtain a special events winery license that shall entitle the holder to conduct the activities allowed under paragraphs (e) to (g) of this subsection at a designated location other than the one set forth in the winery license for a period not to exceed five days.

(3) A winery licensee shall allow a patron to remove a partially consumed bottle of wine from the licensed premises if the patron is not a minor and the patron is not visibly intoxicated.

(4) Except as provided in subsection (5) of this section, in order to hold a winery license the licensee shall:

(a) Possess at a bonded premises within Oregon a valid producer and blender basic permit issued by the federal Alcohol and Tobacco Tax and Trade Bureau; or

(b) Possess a valid wine blender or valid wholesaler basic permit issued by the federal Alcohol and Tobacco Tax and Trade Bureau and have a written contract with a winery licensed under paragraph (a) of this subsection that authorizes the winery to produce for the licensee a brand of wine or cider that is under the control of the licensee.

(5) Subsection (4) of this section does not apply if a licensee produces only cider under the winery license.

(6) A winery licensee may sell and ship malt beverages, wine or cider directly to a resident of this state only if the licensee has a direct shipper permit issued under ORS 471.282.

(7) A winery licensee, or any person having an interest in the licensee, may also hold a full on-premises sales license. If a winery licensee, or a person having an interest in the licensee, also holds a full on-premises sales license, the provisions of this chapter do not prevent the licensee or person from both selling wine or cider bottled and produced under the winery license and selling alcoholic liquor as authorized under the full on-premises sales license.

(8) More than one winery licensee may exercise the privileges of a winery license at a single location. The commission may not refuse to issue a winery license to a person for the production of wine or cider on specified premises based on the fact that other winery licensees also produce wine or cider on those premises.

(9) If a winery licensee does not possess at a bonded premises within Oregon a valid producer and blender basic permit issued by the federal Alcohol and Tobacco Tax and Trade Bureau, the licensee may exercise the privileges described in this section only for wine and cider brands that are under the control of the licensee.

SECTION 60. ORS 471.227 is amended to read:

471.227. (1) A grower sales privilege license shall allow the licensee to perform the following activities only for fruit or grape wine or cider where all of the fruit or grapes used to make the wine or cider are grown in Oregon under the control of the licensee:

(a) To import, store, transport or export such wines or cider.

(b) To sell such wines or cider at wholesale to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** or licensees of the commission.

(c) To sell such wines or cider at retail directly to the consumer for consumption on or off the licensed premises.

(d) To sell at retail for consumption off the licensed premises malt beverages and such wines and cider in securely covered containers provided by the consumer and having capacities of not more than two gallons each.

(e) To conduct some or all of the activities allowed under paragraphs (a) to (d) of this subsection at a second or third premises as may be designated by the commission.

(f) To obtain a special events grower sales privilege license which shall entitle the holder to conduct the activities allowed under paragraphs (c) and (d) of this subsection at a designated location other than the one set forth in the grower sales privilege license for a period not to exceed five days.

(2) A grower sales privilege licensee shall allow a patron to remove a partially consumed bottle of wine from the licensed premises if the patron is not a minor and the patron is not visibly intoxicated.

(3) For purposes of ORS 471.392 to 471.400, a grower sales privilege licensee shall be considered a manufacturer.

(4) A person holding a winery license in another state is not eligible for a license under this section.

(5) A person licensed under this section is not eligible for a limited on-premises sales license or an off-premises sales license.

(6) As used in this section, “control” means the grower either owns the land upon which the fruit or grapes are grown or has a legal right to perform or does perform all of the acts common to fruit farming or viticulture under terms of a lease or similar agreement of at least three years’ duration.

(7) For the purposes of tax reporting, payment and record keeping, the provisions of law that shall apply to a manufacturer under ORS chapter 473 shall apply to a grower sales privilege licensee, but such a licensee is not a manufacturer for purposes of ORS 473.050 (5).

SECTION 61. ORS 471.230 is amended to read:

471.230. (1) A distillery license allows the licensee to import, manufacture, distill, rectify, blend, denature and store distilled liquor, to sell the distilled liquor to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** and to transport the distilled liquor out of this state for sale outside this state. Distillery licensees may purchase and sell distilled liquor from or to another distillery licensee in containers having a capacity greater than one U.S. gallon for blending and manufacturing purposes. A distillery licensee may not sell any alcoholic beverage within this state except to the commission or as provided in this section. However, any agricultural producer or association of agricultural producers or the legal agents of an agricultural producer or association of agricultural producers that manufactures and converts agricultural surpluses, by-products and wastes into denatured ethyl and industrial alcohol for use in the arts and industry are not required to obtain a license from the commission.

(2) If a distillery licensee holds a valid distilled spirits plant basic permit issued by the federal Alcohol and Tobacco Tax and Trade Bureau for the licensed premises, the distillery licensee may:

(a) Permit tastings of distilled liquor approved by the commission for sale in Oregon and manufactured in Oregon by the distillery licensee or by another distillery licensee. Tastings may be of the distilled liquor alone or with a mix of other liquids. If any of the other liquids are distilled liquors, they must be distilled liquors on the list of products approved by the commission for retail sale in Oregon and must be purchased by the licensee at the retail price established by the commission. This paragraph does not authorize sales by the drink of distilled liquor. The tastings may be conducted on the licensed premises of the distillery and at no more than five other premises owned or leased by the licensee. The commission may allow more than one distillery licensee to use the same premises at the same time for conducting tastings if the premises are a primary production location and the licensees share the premises or are owned by the same entity. If the manufacturer of the distilled liquor obtains distilled liquor for conducting tastings from the inventory of the commission, the licensee shall pay the commission a processing fee.

(b) Obtain a special events distillery license.

(c) Apply for appointment by the commission as a distillery retail outlet agent for purposes of retailing distilled liquor at locations where tastings are permitted under paragraph (a) of this subsection or subsection (4)(a) of this section. A distillery retail outlet agent may sell at locations where tastings are allowed under paragraph (a) of this subsection only distilled liquor that is on the list of products approved by the commission for retail sale in Oregon and is manufactured in Oregon by the distillery licensee or by another distillery licensee that uses the same premises as a primary production location or is owned by the same entity as the distillery licensee.

(3) Notwithstanding ORS 471.392 to 471.400, a distillery licensee may hold one or more full on-premises sales licenses. All distilled liquor sold under a full on-premises sales license must be purchased from the commission.

(4) A distillery licensee that holds a special events distillery license may conduct an event on premises designated in the special events distillery license. Except as provided in this subsection,

a special events distillery license may be valid for a period not exceeding five days. The commission shall limit the approval of special events distillery licenses for a distillery licensee at the same location to not more than 62 days during a calendar year. A distillery licensee conducting a special event may:

(a) Permit tastings of distilled liquor approved by the commission for sale in Oregon and manufactured in Oregon by the distillery licensee. Tastings may be of the distilled liquor alone or with a mix of other liquids. If any of the other liquids are distilled liquors, they must be distilled liquors on the list of products approved by the commission for retail sale in Oregon and must be purchased by the licensee at the retail price established by the commission. If the manufacturer of the distilled liquor obtains distilled liquor for conducting tastings from the inventory of the commission, the licensee shall pay the commission a processing fee.

(b) Permit sales by the drink of distilled liquor. A drink that a distillery licensee sells under this paragraph must include distilled liquor that the licensee manufactured in Oregon. Any distilled liquor contained in the drink must be on the list of products approved by the commission for retail sale in Oregon. The distillery licensee selling the drink must purchase all distilled liquor contained in the drink at the retail price set by the commission for the month in which the drink is sold.

(c) If the distillery licensee has been appointed as a distillery retail outlet agent under subsection (2)(c) of this section, sell distilled liquor in factory-sealed containers for consumption off the licensed premises. A distillery retail outlet agent may sell at a location where tastings are allowed under paragraph (a) of this subsection only distilled liquor that is on the list of products approved by the commission for retail sale in Oregon and is manufactured in Oregon by the distillery licensee. The distillery retail outlet agent must sell the distilled liquor at the retail price set by the commission for the month of sale.

SECTION 62. ORS 471.235 is amended to read:

471.235. (1) A wholesale malt beverage and wine license shall allow the importation, storage, transportation, wholesale sale and distribution to licensees of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, and the export of wine, cider and malt beverages, and the importation and sale to the commission and the export of wine of alcoholic content in excess of 21 percent alcohol by volume. A wholesale malt beverage and wine licensee may not sell any alcoholic liquor for consumption upon the licensed premises. However, a wholesale malt beverage and wine licensee may sell naturally fermented wine or cider in quantities of not less than four gallons nor more than 55 gallons at any one time to consumers for consumption not on the licensed premises. Wholesale malt beverage and wine licensees may sell malt beverages containing not more than nine percent alcohol by volume in quantities not less than four gallons to any unlicensed organization, lodge, picnic party or private gathering. The unlicensed organization, lodge, picnic party or private gathering may not sell the malt beverages. A wholesale malt beverage and wine license shall permit the licensee also to sell malt beverages at wholesale only, to persons holding licenses authorizing the persons to resell such beverages at retail. Employees of wholesale malt beverage and wine licensees may serve sample tastings of malt beverages, cider and wine at alcoholic beverage industry trade shows, seminars and conventions and at alcoholic beverage industry sample tastings for employees of retail licensees.

(2) Subsection (1) of this section does not prohibit the transportation or wholesale sale or distribution of malt beverage or wine by a wholesale malt beverage and wine licensee to any alcoholic treatment center licensed by the Oregon Health Authority.

(3) A wholesale malt beverage and wine licensee may impose an additional handling fee on any wine sold to any retailer in this state if the quantity of wine sold to the retailer is less than the smallest multiple-package case available to be sold and the handling fee is uniform for all licensees.

SECTION 63. ORS 471.242 is amended to read:

471.242. (1) A warehouse license shall allow the licensee to store, import, bottle, produce, blend, transport and export nontax paid, bonded wine or wine on which the tax is paid and to store, import and export nontax paid malt beverages and cider, or malt beverages and cider on which the tax is paid. Wine, cider and malt beverages may be removed from the licensed premises only for:

- (a) Sale for export;
 - (b) Sale or shipment to a wholesale malt beverage and wine licensee;
 - (c) Sale or shipment to another warehouse licensee;
 - (d) Sale or shipment to a winery licensee;
 - (e) Shipment of wine or cider produced by a winery licensee to a licensee of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** authorized to sell wine or cider at retail if the shipment is made pursuant to a sale to the retail licensee by the holder of a winery license issued under ORS 471.223, a grower sales privilege license issued under ORS 471.227 or a wholesale malt beverage and wine license issued under ORS 471.235; or
 - (f) Shipment of malt beverages, wine or cider to a person for personal use, as described in subsection (7) of this section.
- (2) A license applicant must hold an approved registration for a bonded wine cellar or winery under federal law.
- (3) For the purposes of tax reporting, payment and record keeping, the provisions that shall apply to a manufacturer under ORS chapter 473 shall apply to a warehouse licensee.
- (4) A warehouse must be physically secure in an area zoned for the intended use and be physically separated from any other use.
- (5) For purposes of ORS 471.392 to 471.400, a warehouse licensee shall be considered a manufacturer.
- (6) For purposes of ORS 473.045, a warehouse licensee shall be considered a winery licensee.
- (7) Malt beverages, wine or cider may be removed from the premises licensed under this section for shipment pursuant to a sale under ORS 471.282. The warehouse licensee shall take reasonable steps to ensure that shipments are made in containers that are conspicuously labeled with the words: "CONTAINS ALCOHOL: SIGNATURE OF PERSON AGE 21 YEARS OR OLDER REQUIRED FOR DELIVERY." In addition, the warehouse licensee shall take reasonable steps to ensure that any carrier used by the licensee does not deliver any malt beverages, wine or cider unless the carrier:
- (a) Obtains the signature of the recipient of the malt beverages, wine or cider upon delivery;
 - (b) Verifies by inspecting government-issued photo identification that the recipient is at least 21 years of age; and
 - (c) Determines that the recipient is not visibly intoxicated at the time of delivery.

SECTION 64. ORS 471.244 is amended to read:

471.244. (1) No licensee of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall manufacture, import into, or purchase in the State of Oregon for resale therein any malt beverages, cider or wine unless the manufacturer of such malt beverages, cider or wine has first obtained from the commission a certificate of approval, except that with respect to malt beverages, cider or wine manufactured outside the United States, the certificate of approval may be obtained by the person importing same into the United States. Such certificate of approval shall be granted only to manufacturers or importers who shall have entered into an agreement with the commission to furnish a report to the commission, on or before the 20th day of each month, showing the quantity of malt beverages, cider or wine delivered to each licensee of the commission during the preceding calendar month, and to faithfully comply with all laws of the State of Oregon pertaining to traffic in malt beverages, cider or wine. If any holder of such certificate, or any officer, agent or employee of such holder, shall violate any term or provision of such agreement, or submit any false or fictitious report, the commission may, in its discretion, suspend or revoke such certificate.

(2) The commission may grant special certificates of approval to manufacturers and importers of malt beverages, cider or wine. A special certificate of approval has the effect of a certificate of approval granted under subsection (1) of this section, but is valid only for a period of 30 days.

SECTION 65. ORS 471.251 is amended to read:

471.251. The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may issue a manufacturer or other person a certificate of approval authorizing the import of dis-

tilled liquor manufactured by a distillery not licensed under ORS 471.230. The commission may establish by rule:

- (1) The conditions under which a manufacturer or other person may qualify for a certificate of approval;
- (2) The products covered by the certificate of approval;
- (3) Any conditions or limitations placed on imports under the certificate of approval; and
- (4) The grounds for suspension or revocation of a certificate of approval.

SECTION 66. ORS 471.268 is amended to read:

471.268. (1) In addition to any other privilege granted to a licensee under this chapter, a licensee may conduct an organized judging, tasting, exhibition, contest or competition of malt beverages and wines produced under ORS 471.403 (2) and (3) or homemade beers, wines and fermented fruit juices, or related events, at the premises described in a full or limited on-premises sales license, off-premises sales license, brewery-public house license, brewery license, winery license or warehouse license of the licensee. However, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may restrict the portion of the licensed premises that may be used for the judging, tasting, exhibition, contest, competition or related events and may restrict or prohibit sales of alcoholic beverages on the portion of the premises that is being used for conducting the judging, tasting, exhibition, contest, competition or related events.

(2) In addition to any other privilege granted to a licensee under this chapter, a licensee may allow malt beverages and wines produced under ORS 471.403 (2) and (3) or homemade beers, wines and fermented fruit juices to be stored at the premises described in a full or limited on-premises sales license, off-premises sales license, brewery-public house license, brewery license, winery license or warehouse license of the licensee. The malt beverages or wines and the homemade beers, wines or fermented fruit juices must be clearly identified by owner and kept separate from the alcoholic beverage stock of the licensee.

(3) A licensee may not acquire any ownership interest in malt beverages and wines produced under ORS 471.403 (2) and (3) or homemade beers, wines or fermented fruit juices stored under this section. However, this subsection does not prohibit a licensee from using malt beverages and wines produced under ORS 471.403 (2) and (3) or homemade beers, wines or fermented fruit juices in conducting an organized judging, tasting, exhibition, contest or competition of the malt beverages and wines or homemade beers, wines or fermented fruit juices, or related events, if the malt beverages and wines or the homemade beers, wines or fermented fruit juices are stored with the licensee for that purpose.

SECTION 67. ORS 471.274 is amended to read:

471.274. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may issue a wine self-distribution permit to a United States manufacturer of wine or cider. The commission may issue a wine self-distribution permit only to a manufacturer of wine or cider that:

- (a) Holds a license issued by another state that authorizes the manufacture of wine or cider; and
- (b) Holds a certificate of approval issued under ORS 471.244.

(2) The holder of a wine self-distribution permit may sell at wholesale and transport wine or cider that the manufacturer produces directly to the commission, or to retail licensees in the manner provided by this section. A wine self-distribution permit allows the holder to sell wine or cider that the holder produces only to retail licensees who hold a valid endorsement issued by the commission authorizing receipt of wine or cider from the holder of a wine self-distribution permit.

(3) In addition to the information required by ORS 471.311 for licenses, an applicant for a wine self-distribution permit shall provide the commission with a copy of the license held by the applicant or with sufficient information to allow verification of the license by electronic means or other means acceptable to the commission. The applicant also shall provide the commission with any information required by the commission to establish that the license held by the applicant authorizes the manufacture of wine or cider.

(4) A person holding a wine self-distribution permit is responsible for paying all taxes imposed under ORS chapter 473, and for complying with all reporting requirements imposed by ORS chapter

473, for all wine and cider sold and transported to retail licensees in this state. The commission may revoke, or refuse to issue, a wine self-distribution permit if the holder of a permit fails to pay taxes or make reports as required by ORS chapter 473.

(5) A retail licensee may receive wine or cider from the holder of a wine self-distribution permit only if the licensee has received prior authorization from the commission. Prior authorization under this subsection must be made by an endorsement to the license for the premises where the wine or cider will be received. The commission may not charge or collect a fee for an endorsement under this subsection.

(6)(a) Except as provided in paragraph (b) of this subsection, a retail licensee that receives wine or cider from holders of wine self-distribution permits must make a monthly report to the commission, using a form prescribed by the commission, listing the amount of all wine or cider received from permit holders in the previous month, and the names of the permit holders from whom the wine or cider was received. Retail licensees shall retain such purchase records for products received from permit holders as may be required by the commission.

(b) The holder of a full or limited on-premises sales license is not required to file a report under this subsection for any month in which the licensee receives two or fewer cases of wine from holders of wine self-distribution permits.

(7) A manufacturer that is not licensed by the commission may sell and transport wine or cider directly to a retail licensee, and a retail licensee may receive wine or cider directly from a manufacturer that is not licensed by the commission, only if the manufacturer holds a wine self-distribution permit issued under this section.

(8) The holder of a wine self-distribution permit consents to the jurisdiction of the commission and the courts of this state for the purpose of enforcing the provisions of this chapter, ORS chapter 473 and any related laws or rules.

(9) The holder of a wine self-distribution permit must post a bond or other security, as described in ORS 471.155.

(10) The commission may revoke, or refuse to issue, a wine self-distribution permit if the holder of a permit fails to comply with any provision of this section.

SECTION 68. ORS 471.282 is amended to read:

471.282. (1) Notwithstanding any other provision of this chapter and except as provided by ORS 471.186 (6), a person may sell and ship malt beverages, wine or cider directly to a resident of Oregon only if the person holds a direct shipper permit. The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall issue a direct shipper permit only to:

(a) A person that holds a license issued by this state or another state that authorizes the manufacture of malt beverages, wine or cider;

(b) A person that holds a license issued by this state or another state that authorizes the sale of wine or cider produced only from grapes or other fruit grown under the control of the person;

(c) A person that holds a license authorizing the sale of malt beverages, wine or cider at retail; or

(d) A nonprofit trade association that holds a temporary sales license under ORS 471.190 and that has a membership primarily composed of persons holding winery licenses issued under ORS 471.223 or grower sales privilege licenses issued under ORS 471.227.

(2) The holder of a direct shipper permit that is a licensee of another state may deliver malt beverages under the permit only if that other state makes direct shipper permits, or the equivalent, available for the delivery of malt beverages by persons holding a license issued by the commission authorizing the manufacture or retail sale of malt beverages.

(3)(a) A person may apply for a direct shipper permit by filing an application with the commission. The application must be made in such form as may be prescribed by the commission.

(b) If the application is based on a license issued by this state, the person must include in the application the number of the license issued to the person.

(c) If the application is based on a license issued by another state, the person must include in the application a true copy of the license issued to the person by the other state or include suffi-

cient information to allow verification of the license by electronic means or other means acceptable to the commission.

(d) If the application is based on a license issued by another state, or the application is by a nonprofit trade association described in subsection (1)(d) of this section, the person or association must pay a \$100 registration fee and maintain a bond or other security described in ORS 471.155 in the minimum amount of \$1,000.

(4) Sales and shipments under a direct shipper permit:

(a) May be made only to a person who is at least 21 years of age;

(b) May be made only for personal use and not for the purpose of resale; and

(c) May not exceed two cases, containing not more than nine liters per case, to any resident per month.

(5) Sales and shipments under a direct shipper permit must be made directly to a resident of this state in containers that are conspicuously labeled with the words: "CONTAINS ALCOHOL: SIGNATURE OF PERSON AGE 21 YEARS OR OLDER REQUIRED FOR DELIVERY."

(6) A person holding a direct shipper permit must take all actions necessary to ensure that a carrier used by the permit holder does not deliver any malt beverages, wine or cider unless the carrier:

(a) Obtains the signature of the recipient of the malt beverages, wine or cider upon delivery;

(b) Verifies by inspecting government-issued photo identification that the recipient is at least 21 years of age; and

(c) Determines that the recipient is not visibly intoxicated at the time of delivery.

(7)(a) A person holding a direct shipper permit must report to the commission on a quarterly basis all shipments of malt beverages, wine or cider made to Oregon residents under the permit. The report must be made in a form prescribed by the commission.

(b) A person holding a direct shipper permit must allow the commission to audit the permit holder's records upon request and shall make those records available to the commission in this state.

(c) A person holding a direct shipper permit consents to the jurisdiction of the commission and the courts of this state for the purpose of enforcing the provisions of this section and any related laws or rules.

(8)(a) A person holding a direct shipper permit must timely pay to the commission all taxes imposed under ORS chapter 473 on malt beverages, wine and cider sold and shipped under the permit. For the purpose of the privilege tax imposed under ORS chapter 473, all malt beverages, wine or cider sold and shipped pursuant to a direct shipper permit is sold in this state.

(b) A person holding a direct shipper permit based on a license issued by another state must timely pay to the commission all taxes imposed under ORS chapter 473 on all malt beverages, wine or cider sold and shipped directly to Oregon residents under the permit. The permit holder, not the purchaser, is responsible for the tax.

(9) A direct shipper permit must be renewed annually. If the person holds the permit based on an annual license issued by another state, the person may renew the permit by paying a \$100 renewal fee and providing the commission with a true copy of a current license issued to the person by the other state or with sufficient information to allow verification of the license by electronic means or other means acceptable to the commission. If the person holds the permit based on an annual license issued by this state, the person may renew the permit at the same time that the person renews the license.

(10) The commission may refuse to issue or may suspend or revoke a direct shipper permit if the permit holder fails to comply with the provisions of this section. A person may sell and ship malt beverages, wine or cider under a direct shipper permit only for as long as the person has the license issued by this state or another state that authorizes the person to hold a direct shipper permit. A direct shipper permit does not authorize the shipment of malt beverages by a permit holder described in subsection (1)(b) of this section or lacking authority as provided under subsection (2) of this section.

(11) Any person who knowingly or negligently delivers malt beverages, wine or cider under the provisions of this section to a person under 21 years of age, or who knowingly or negligently delivers malt beverages, wine or cider under the provisions of this section to a visibly intoxicated person, violates ORS 471.410.

(12) A person may not make sales and shipments of malt beverages, wine or cider directly to Oregon residents unless the person holds a direct shipper permit issued under this section. Any person who knowingly makes, participates in, transports, imports or receives a shipment of malt beverages, wine or cider that is in violation of this section commits a misdemeanor as provided in ORS 471.990 (1).

SECTION 69. ORS 471.292 is amended to read:

471.292. (1) A license granted under the Liquor Control Act shall:

(a) Be a purely personal privilege.
(b) Be valid for the period stated in the license.
(c) Be renewable in the manner provided in ORS 471.311, except for a cause which would be grounds for refusal to issue such license under ORS 471.313.

(d) Be subject to cancellation, suspension or restriction as provided in ORS 471.315.

(e) Be transferable from the place for which the license was originally issued to another location subject to the provisions of the Liquor Control Act, any rules of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** and any municipal ordinance or local regulation.

(f) Cease upon the death of the licensee, except as provided in subsection (2) of this section.

(g) Not constitute property.

(h) Not be alienable.

(i) Not be subject to attachment or execution.

(j) Not descend by the laws of testate or intestate devolution.

(2) The commission may, by order, provide for the manner and conditions under which:

(a) Alcoholic liquors left by any deceased, insolvent or bankrupt person or licensee, or subject to a security interest, may be foreclosed, sold under execution or otherwise disposed of.

(b) The business of any deceased, insolvent or bankrupt licensee may be operated for a reasonable period following the death, insolvency or bankruptcy.

(c) A business licensed pursuant to this chapter subject to a security interest may be continued in business by a secured party as defined in ORS 79.0102 for a reasonable period after default on the indebtedness by the debtor.

(d) A license granted under this chapter may be transferred from the place for which the license was originally issued to another location.

SECTION 70. ORS 471.294 is amended to read:

471.294. (1) Except as otherwise provided in this section, all licenses under this chapter and renewals thereof shall be issued for a period of one year which shall expire at 12 midnight on March 31, June 30, September 30 or December 31 of each year.

(2) Notwithstanding subsection (1) of this section, a license issued for the first time to an applicant may be issued for less than a year. The fee for a license issued for less than a year under this subsection is the annual license fee prescribed by ORS 471.311.

(3) The term of a temporary letter of authority or license issued under ORS 471.302 or any temporary sales license is the period fixed by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** when the letter or license is issued.

SECTION 71. ORS 471.297 is amended to read:

471.297. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may grant a temporary letter of authority for a period not to exceed 90 days on change of ownership applications for licenses granted under this chapter if the applicant pays the fee prescribed by the commission for a temporary letter of authority. The administrator appointed by the commission under ORS 471.720 may extend a temporary letter of authority granted under the provisions of this section for a period not to exceed 30 days if the commission has not granted or denied

the application at the end of the 90-day period. A temporary letter of authority issued under this section does not constitute a license for the purposes of ORS chapter 183.

(2) The commission summarily and without prior administrative proceedings may revoke a temporary letter of authority any time if the commission finds that any of the grounds for refusing a license under ORS 471.313 or canceling or suspending a license under ORS 471.315 exist.

(3) A person subject to subsection (2) of this section shall be given an interview under the direction of the commission if the person requests an interview prior to revocation of a temporary letter of authority. However, the proceedings are not a contested case under ORS chapter 183.

SECTION 72. ORS 471.302 is amended to read:

471.302. (1) Upon receiving an application for an off-premises sales license, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may grant a temporary letter of authority for a period not exceeding 90 days, if it finds:

(a) The applicant is located in an area presently zoned for commercial use and presents documentation of such zoning to the commission.

(b) The applicant pays the fee prescribed by the commission for a temporary letter of authority.

(2) The administrator appointed by the commission under ORS 471.720 may extend a temporary letter of authority granted under the provisions of this section for a period not to exceed 30 days if the commission has not granted or denied the application at the end of the 90-day period provided for in subsection (1) of this section.

(3) A temporary letter of authority issued under this section does not constitute a license for the purposes of ORS chapter 183. The commission summarily and without prior administrative proceedings may revoke a temporary letter of authority at any time if:

(a) The commission finds that any of the grounds for refusing a license under ORS 471.313 exist; or

(b) The city or county in which the applicant is located provides evidence of reasonable grounds to the commission:

(A) That the temporary letter of authority should be revoked; or

(B) That an off-premises sales license should not be issued.

SECTION 72a. If Senate Bill 750 becomes law, section 72 of this 2021 Act (amending ORS 471.302) is repealed.

SECTION 73. ORS 471.305 is amended to read:

471.305. A brewery or a wholesale malt beverage and wine licensee shall deliver malt beverages only to or on a licensed premises. The sale of alcoholic liquors under any license issued by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** authorizing retail sales by a licensee shall be restricted to the premises described in the license, but deliveries may be made by the licensee to customers pursuant to bona fide orders received on the licensed premises prior to delivery.

SECTION 74. ORS 471.311 is amended to read:

471.311. (1) Any person desiring a license or renewal of a license under this chapter shall make application to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** upon forms to be furnished by the commission showing the name and address of the applicant, location of the place of business that is to be operated under the license, and such other pertinent information as the commission may require. A license may not be granted or renewed until the applicant has complied with the provisions of this chapter and the rules of the commission.

(2) The commission may reject any application that is not submitted in the form required by rule. The commission shall give applicants an opportunity to be heard if an application is rejected. A hearing under this subsection is not subject to the requirements for contested case proceedings under ORS chapter 183.

(3) The commission shall charge an application fee, not to exceed \$150, to process an application for the issuance of a new license under this chapter or a license following a change in ownership. The application fee applies only to an application for a class of license having an annual license fee. The application fee is nonrefundable, except that the commission shall refund the fee if the applicant

completes, submits and maintains an application and the commission does not, on or before 75 days following receipt of the completed application, propose that the license be granted, granted with conditions or refused. The commission shall adopt rules to:

- (a) Establish application fees by class of license; and
- (b) Define a completed application for purposes of this subsection.

(4) Subject to subsection (5) of this section, the commission shall assess a nonrefundable fee for processing a renewal application for any license authorized by this chapter only if the renewal application is received by the commission less than 20 days before expiration of the license. If the renewal application is received prior to expiration of the license but less than 20 days prior to expiration, the fee shall be 25 percent of the annual license fee. If a renewal application is received by the commission after expiration of the license but no more than 30 days after expiration, the fee shall be 40 percent of the annual license fee. This subsection does not apply to a certificate of approval, a brewery-public house license or any license that is issued for a period of less than 30 days.

(5) The commission may waive the fee imposed under subsection (4) of this section if the commission finds that failure to submit a timely application was due to unforeseen circumstances or to a delay in processing the application by the local governing authority that is no fault of the licensee.

(6) The license fee is nonrefundable and must be paid by each applicant upon the granting or committing of a license. Subject to ORS 471.155 and 473.065, the annual or daily license fee and the minimum bond required of each class of license under this chapter are as follows:

License	Minimum Fee	Minimum Bond
Brewery, including Certificate of Approval	\$ 1,000	\$ 1,000
Winery	\$ 500	\$ 1,000
Distillery	\$ 200	None
Wholesale Malt Beverage and Wine	\$ 550	\$ 1,000
Warehouse	\$ 200	\$ 1,000
Brewery-Public House, including Certificate of Approval	\$ 500	\$ 1,000
Limited On-Premises Sales	\$ 400	None
Off-Premises Sales	\$ 200	None
Temporary Sales	\$ 50 per day	
Grower sales privilege license	\$ 500	\$ 1,000
Special events brewery license	\$ 10 per day	
Special events winery license	\$ 10 per day	
Special events grower sales privilege license	\$ 10 per day	
Special events brewery-public house license	\$ 10 per day	
Special events distillery license	\$ 10 per day	

(7) The fee for a certificate of approval or special certificate of approval granted under ORS 471.244 is nonrefundable and must be paid by each applicant upon the granting or committing of a certificate of approval or special certificate of approval. No bond is required for the granting of a certificate of approval or special certificate of approval. Certificates of approval are valid for a period commencing on the date of issuance and ending on December 31 of the fifth calendar year following the calendar year of issuance. The fee for a certificate of approval is \$350. Special certificates of approval are valid for a period of 30 days. The fee for a special certificate of approval is \$10.

(8) Except as provided in subsection (9) of this section, the annual license fee for a full on-premises sales license is \$800. No bond is required for any full on-premises sales license.

(9) The annual license fee for a full on-premises sales license held by a nonprofit private club as described in ORS 471.175 (8), or held by a nonprofit or charitable organization that is registered with the state, is \$400.

(10) The fee for temporary use of an annual license is \$10 per day.

(11) The annual fee for a wine self-distribution permit is \$200, and the minimum bond is \$1,000.

SECTION 75. ORS 471.313 is amended to read:

471.313. The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may refuse to issue a license, or may issue a restricted license, to any applicant under the provisions of this chapter if the commission has reasonable ground to believe any of the following to be true:

(1) That there are sufficient licensed premises in the locality set out in the application, or that the granting of a license in the locality set out in the application is not demanded by public interest or convenience. In determining whether there are sufficient licensed premises in the locality, the commission shall consider seasonal fluctuations in the population of the locality and shall ensure that there are adequate licensed premises to serve the needs of the locality during the peak seasons.

(2) That the applicant has not furnished an acceptable bond as required by ORS 471.311 or is not maintaining the insurance or bond required by ORS 471.168.

(3) That, except as allowed by ORS 471.392 to 471.400, any applicant to sell at retail for consumption on the premises has been financed or furnished with money or property by, or has any connection with, or is a manufacturer of, or wholesale dealer in, alcoholic liquor.

(4) That the applicant:

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

(b) Has made false statements to the commission.

(c) Is incompetent or physically unable to carry on the management of the establishment proposed to be licensed.

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

(e) Has maintained an insanitary establishment.

(f) Is not of good repute and moral character.

(g) Did not have a good record of compliance with the alcoholic liquor laws of this state and the rules of the commission when previously licensed.

(h) Is not the legitimate owner of the business proposed to be licensed, or other persons have ownership interests in the business which have not been disclosed.

(i) Is not possessed of or has not demonstrated financial responsibility sufficient to adequately meet the requirements of the business proposed to be licensed.

(j) Is unable to read or write the English language or to understand the laws of Oregon relating to alcoholic liquor or the rules of the commission.

(5) That there is a history of serious and persistent problems involving disturbances, lewd or unlawful activities or noise either in the premises proposed to be licensed or involving patrons of the establishment in the immediate vicinity of the premises if the activities in the immediate vicinity of the premises are related to the sale or service of alcohol under the exercise of the license privilege. Behavior which is grounds for refusal of a license under this section, where so related to the sale or service of alcohol, includes, but is not limited to obtrusive or excessive noise, music or sound vibrations; public drunkenness; fights; altercations; harassment; unlawful drug sales; alcohol or related litter; trespassing on private property; and public urination. Histories from premises currently or previously operated by the applicant may be considered when reasonable inference may be made that similar activities will occur as to the premises proposed to be licensed. The applicant may overcome the history by showing that the problems are not serious or persistent or that the applicant demonstrates a willingness and ability to control adequately the premises proposed to be licensed and patrons' behavior in the immediate vicinity of the premises which is related to the licensee's sale or service of alcohol under the licensee's exercise of the license privilege.

SECTION 76. ORS 471.315 is amended to read:

471.315. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may cancel, suspend, restrict or require mandatory training for any license issued under this chapter, or impose a civil penalty in lieu of or in addition to a suspension as provided by ORS 471.322, if the commission finds or has reasonable ground to believe any of the following to be true:

(a) That the licensee:

(A) Has violated any provision of this chapter or ORS 474.115 or any rule of the commission adopted pursuant thereto.

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

(C) Is not maintaining an acceptable bond as required by ORS 471.311 or is not maintaining the insurance or bond required by ORS 471.168.

(D) Has maintained an insanitary establishment.

(E) Is insolvent or incompetent or physically unable to carry on the management of the establishment of the licensee.

(F) Is in the habit of using alcoholic liquor, habit-forming drugs or controlled substances to excess.

(G) Has knowingly sold alcoholic liquor to persons under 21 years of age or to persons visibly intoxicated at the time of sale.

(H) Has allowed the consumption of alcoholic liquor on the licensed premises by a person who is visibly intoxicated at the time of consumption.

(I) Has misrepresented to a customer or the public any alcoholic liquor sold by the licensee.

(J) Since the granting of the license, has been convicted of a felony, of violating any of the liquor laws of this state, general or local, or of any misdemeanor or violation of any municipal ordinance committed on the licensed premises.

(b) That any person licensed to sell at retail for consumption on the premises is acting as an agent of, or is a manufacturer or wholesaler of alcoholic liquors, or has borrowed money or property, or has accepted gratuities or rebates, or has obtained the use of equipment from any manufacturer or wholesaler of alcoholic liquor or any agent thereof.

(c) That there is a history of serious and persistent problems involving disturbances, lewd or unlawful activities or noise either in the premises or involving patrons of the establishment in the immediate vicinity of the premises if the activities in the immediate vicinity of the premises are related to the sale or service of alcohol under the exercise of the license privilege. Behavior that is grounds for cancellation or suspension of a license under this section, where so related to the sale or service of alcohol, includes but is not limited to obtrusive or excessive noise, music or sound vibrations; public drunkenness; fights; altercations; harassment or unlawful drug sales; alcohol or related litter; trespassing on private property; and public urination. Mitigating factors include a showing by the licensee that the problems are not serious or persistent or that the licensee has

demonstrated a willingness and ability to control adequately the licensed premises and patrons' behavior in the immediate vicinity of the premises which is related to the licensee's sale or service of alcohol under the licensee's exercise of the license privilege.

(d) That there is any other reason that, in the opinion of the commission, based on public convenience or necessity, warrants canceling or suspending such license.

(2) Civil penalties under this section shall be imposed as provided in ORS 183.745.

SECTION 77. ORS 471.316 is amended to read:

471.316. (1) Notwithstanding any other provision of this chapter, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall suspend the license of a licensed premises listed in subsection (4) of this section if the commission determines that:

(a) Unlawful drug use or sales are occurring on the licensed premises;

(b) The licensee is aware of the unlawful drug use or sales because of arrests for unlawful drug sales on the licensed premises or seizures of unlawful drugs on the licensed premises, or because the licensee or employees of the licensee have personally witnessed unlawful drug use or sales on the licensed premises; and

(c) The licensee fails to take immediate and effective action to prevent unlawful drug use or sales on the licensed premises.

(2) In addition to any suspension imposed under this section, the commission may impose a civil penalty under the circumstances described in subsection (1) of this section not to exceed the maximum amount established under ORS 471.322 (2). Notwithstanding ORS 471.322 (1), the commission shall not allow payment of a civil penalty under this subsection in lieu of the suspension provided for in subsection (1) of this section. A civil penalty under this section shall be imposed in the manner provided by ORS 183.745.

(3) The commission may cancel a license listed in subsection (4) of this section if the license is suspended under the provisions of this section two or more times within a two-year period.

(4) This section applies only to premises licensed under:

(a) A full on-premises sales license.

(b) A limited on-premises sales license.

(c) A brewery-public house license.

SECTION 78. ORS 471.318 is amended to read:

471.318. Notwithstanding the lapse, suspension or revocation of a certificate, license, permit or other form of authorization issued under this chapter, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may:

(1) Proceed with any investigation of, or any action or disciplinary proceeding against, the person who held the certificate, license, permit or other authorization; or

(2) Revise or render void an order suspending or revoking the certificate, license, permit or other authorization.

SECTION 79. ORS 471.322 is amended to read:

471.322. (1) If a license issued under this chapter or a service permit issued under ORS 471.360 is suspended for a period of 30 days or less, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may impose against the affected licensee or permittee in lieu of or in addition to the suspension a civil penalty fixed by the commission in accordance with subsection (2) of this section if the commission is satisfied that such a penalty in lieu of or in addition to suspension is consistent with the purposes of the Liquor Control Act and the Oregon Distilled Liquor Control Act. Upon payment of the penalty in lieu of suspension, the commission shall cancel the suspension.

(2) Except as provided in ORS 471.327, the penalty which the commission may impose pursuant to subsection (1) of this section against a licensee shall not be less than \$100 nor more than \$5,000. The penalty which the commission may impose pursuant to subsection (1) of this section against a service permittee shall not be less than \$25 nor more than \$500.

(3) Civil penalties under this section shall be imposed as provided in ORS 183.745.

SECTION 80. ORS 471.326 is amended to read:

471.326. If the action of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** in suspending a license or permit issued under this chapter is not sustained upon judicial review under ORS chapter 183, the commission shall promptly refund the amount paid pursuant to ORS 471.322 (1) by check or order drawn on the State Treasurer from the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** Account.

SECTION 81. ORS 471.327 is amended to read:

471.327. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, in suspending any brewery license, wholesale wine license, wholesale malt beverage license, or certificate of approval, may further impose against the licensee or the holder of the certificate of approval a civil penalty not to exceed \$5,000, or, in its discretion, may impose such civil penalty without suspending the license or the certificate of approval.

(2) Civil penalties under this section shall be imposed as provided in ORS 183.745.

SECTION 82. ORS 471.329 is amended to read:

471.329. (1) For the purpose of determining whether there is a history of serious and persistent problems involving noise under the provisions of ORS 471.313 (5) and 471.315 (1)(c), or whether the licensee maintains a noisy establishment in violation of the provisions of ORS 471.425:

(a) Noise from the inside of a licensed premises located within the boundaries of a city or county that has an ordinance regulating excessive noise may be considered obtrusive or excessive only if the noise violates the ordinance;

(b) Noise caused by patrons outside a licensed premises located within the boundaries of a city or county that has an ordinance regulating excessive noise may be considered obtrusive or excessive only if the noise violates the ordinance or if the noise is of a type that a reasonable person would not expect to hear outside a premises licensed for the sale of alcoholic beverages; and

(c) Noise caused by patrons inside or outside a licensed premises located within the boundaries of a city or county that does not have an ordinance regulating excessive noise may be considered obtrusive or excessive only if the noise is of the type that a reasonable person would not expect to hear inside or outside a premises licensed for the sale of alcoholic beverages.

(2) For the purpose of determining whether noise is obtrusive under the provisions of ORS 471.313 (5) and 471.315 (1)(c), or whether the licensee maintains a noisy establishment in violation of the provisions of ORS 471.425, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall consider whether persons complaining about the noise have taken any action to mitigate the disturbance alleged to have been caused by the noise.

SECTION 83. ORS 471.331 is amended to read:

471.331. (1) Whenever the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** proposes to refuse to renew or to suspend or cancel any license issued under this chapter because of adverse neighborhood impact of the licensee's operation, notwithstanding ORS 183.435, the commission shall grant the affected licensee 20 days from notification of the proposed commission action to request a hearing.

(2) Notwithstanding ORS 183.482 (3), the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall not stay any order refusing a license or suspending or canceling any license if the order was entered on grounds stated in ORS 471.313 (5) or 471.315 (1)(c).

SECTION 84. ORS 471.333 is amended to read:

471.333. (1) Except as provided in subsections (2) and (3) of this section, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall not refuse to issue, cancel or suspend a license under ORS 471.313, 471.315 or 471.425 for maintaining an insanitary establishment.

(2) The commission may refuse to issue, cancel or suspend a license under ORS 471.313, 471.315 or 471.425 for maintaining an insanitary establishment in violation of a city ordinance relating to sanitation only if the licensee is convicted of violating the ordinance.

(3) The commission may refuse to issue, cancel or suspend a license under ORS 471.313, 471.315 or 471.425 for maintaining an insanitary establishment in violation of ORS 447.010 to 447.156 and 447.992 or the laws, orders or rules relating to public health of the Oregon Health Authority or the

State Department of Agriculture only when the agency charged with enforcing those laws, orders or rules finds that the licensee is in violation of them and renders a final order adverse to the licensee.

SECTION 85. ORS 471.341 is amended to read:

471.341. (1) An employee of an off-premises sales licensee who has been found by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** to have sold alcoholic beverages to a minor, or to have failed to properly verify identification of a person who purchased alcoholic beverages, must attend a clerk training course approved by the commission as a condition of making sales of alcoholic beverages to members of the public under an off-premises sales license.

(2) The commission shall by rule establish times for employees to complete a required clerk training course under this section. An employee required to complete a clerk training course under this section may continue to make sales of alcoholic beverages to members of the public until taking such training, but may not make any sales of alcoholic beverages after the expiration of the time allowed by commission rule if the employee has not completed the training before the expiration of that time.

(3) Except as provided in subsection (2) of this section, the holder of an off-premises sales license may not allow an employee who has been found by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** to have sold alcoholic beverages to a minor, or to have failed to properly verify identification of a person who purchased alcoholic beverages, to sell alcoholic beverages under the license unless the employee completes a clerk training course as required by this section.

(4) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, as part of the Alcohol Education Program established under ORS 471.541, shall approve all clerk training courses offered for the purpose of this section. The holder of an off-premises sales license may establish a clerk training course for employees of the licensee, but the course must be approved by the commission to meet the requirements of this section. Clerk training courses approved under this section must address at least the following topics:

(a) The importance of not selling alcoholic beverages to minors and visibly intoxicated persons.
(b) Guidelines for recognizing minors and visibly intoxicated persons.
(c) Guidelines for checking and verifying identification, and for recognizing false or altered identification.

(d) Recommended approaches for refusing sales of alcoholic beverages to minors and visibly intoxicated persons.

(5) If an employee of an off-premises sales licensee is found to have sold alcoholic beverages to a minor, or to have failed to properly verify identification of a person who purchased alcoholic beverages, the commission shall notify the licensee that the employee must complete a clerk training course approved under this section and may not sell alcoholic beverages to members of the public after the time established by the commission unless the employee completes the training within the time allowed. If the off-premises sales licensee offers a clerk training course to new employees, and the employee has previously completed that course, the requirements of this section may be met by retaking the clerk training course if the course has been approved by the commission for the purposes of this section.

(6) Upon completion of a clerk training course by an employee of an off-premises sales licensee pursuant to the requirements of this section, the off-premises sales licensee that employs the person must notify the commission in writing that the employee has successfully completed the training. The notification must include the name and address of the employee, the name of the clerk training course attended by the employee, and the date or dates on which the course was attended. The notification shall be kept by the commission in the licensee's file.

(7) The commission shall assess and collect a fee not to exceed \$13 from each person required to attend a clerk training course under this section. Amounts collected under this section shall be used for the administrative expenses incurred by the commission in the performance of the commission's duties under the Alcohol Education Program.

(8) In addition to any other penalty provided for by law, the commission may impose a civil penalty against any employee of an off-premises sales licensee who sells alcoholic beverages to members of the public and who is prohibited from making those sales under this section. A civil penalty under this subsection may not exceed \$500. Civil penalties under this subsection shall be imposed by the commission in the manner provided by ORS 183.745.

SECTION 86. ORS 471.342 is amended to read:

471.342. Upon finding that a retail licensee, as defined in ORS 471.392, or an employee of a retail licensee has sold alcoholic beverages to a minor, or has failed to properly verify identification of a person who purchased alcoholic beverages, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may allow the licensee, in lieu of a civil penalty or denial, suspension or cancellation of the license, to acquire and use equipment designed to prevent sales of alcoholic beverages to minors.

SECTION 87. ORS 471.344 is amended to read:

471.344. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall by rule establish a responsible vendor program. The program shall include a list of positive measures that a licensee must take to avoid sales of alcoholic beverages to minors. Any person holding a liquor license that authorizes the person to sell alcoholic beverages at retail may participate in the program.

(2) If a licensee participates in the responsible vendor program and takes all measures specified by the program as necessary to prevent sales of alcoholic beverages to minors, the commission may not cancel the license of the licensee, or deny issuance of a license to the licensee, based on sales of alcoholic beverages to minors by employees of the licensee.

SECTION 88. ORS 471.346 is amended to read:

471.346. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall by rule develop uniform standards for minor decoy operations used to investigate licensees and agents operating stores on behalf of the commission under ORS 471.750 for violations of the laws of this state prohibiting sales of alcoholic beverages to minors. Uniform standards established by the commission under this section apply to all investigations conducted by the commission that use minor decoys. The commission shall encourage all law enforcement agencies of this state to use the uniform standards established under this section for minor decoy operations conducted by the law enforcement agencies.

(2) To the greatest extent possible, the uniform standards established by the commission under this section:

(a) Shall be the same for minor decoy operations conducted by the commission and for minor decoy operations conducted by law enforcement agencies of this state; and

(b) Shall provide for coordination between the commission and law enforcement agencies of this state in conducting minor decoy operations.

(3) The uniform standards established by the commission under this section shall provide that minor decoy operations must be conducted on either a random or a targeted basis in cities with populations of 20,000 or more. Random minor decoy operations shall cover a range of retail outlets. Targeted minor decoy operations may be conducted for a single licensee or agent, but may be used only if there is a documented compliance problem with the specific licensee or agent that is the target of the operation. For the purpose of implementing standards for random minor decoy operations under this subsection, the commission shall by rule adopt a methodology that produces, to the greatest extent possible, an equal chance that any licensee or agent will be subject to a minor decoy operation.

(4) Except as provided in subsection (5) of this section, the failure of the commission or of a law enforcement agency to follow uniform standards established by the commission under this section is not grounds for challenging any complaint, citation or conviction for violation of the laws prohibiting the sale of alcoholic beverages to minors.

(5) In determining whether to impose sanctions based on multiple violations of the laws of this state prohibiting sales of alcoholic beverages to minors, the commission may not consider any com-

plaint filed against a licensee for selling alcoholic beverages to a minor, citation issued to a licensee for selling alcoholic beverages to a minor or conviction of a licensee for selling alcoholic beverages to a minor if the complaint, citation or conviction arose out of a minor decoy operation that was not conducted pursuant to the uniform standards established by the commission under this section.

(6) Notwithstanding any other provision of this chapter, the commission may not consider any sale of alcoholic beverages to a minor that results from a minor decoy operation that is not conducted in compliance with the standards established under this section for the purpose of imposing any civil penalty against a licensee, making a decision on the renewal, suspension or cancellation of a license issued under this chapter or otherwise sanctioning a licensee for the sale of alcoholic beverages to a minor.

(7) The commission shall give notice of the uniform standards established under this section to all law enforcement agencies of this state that conduct minor decoy operations.

SECTION 89. ORS 471.351 is amended to read:

471.351. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** has the right after 72 hours' notice to the owner or the agent of the owner to make an examination of the books and may at any time make an examination of the premises of any person licensed under this chapter, or to check the alcoholic content of liquors carried by the licensee, for the purpose of determining compliance with this chapter and the rules of the commission.

(2) The commission shall not require the books of any licensee to be maintained on the premises of the licensee.

SECTION 90. ORS 471.360 is amended to read:

471.360. (1) Except as otherwise provided in ORS 471.375:

(a) Any person employed by a licensee of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** must have a valid service permit issued by the commission if the person:

(A) Participates in any manner in the mixing, selling or service of alcoholic liquor for consumption on the premises where served or sold; or

(B) Participates in the dispensing of malt beverages, wines or cider sold in securely covered containers provided by the consumer.

(b) A licensee of the commission may not permit any person who lacks a service permit required of the person under paragraph (a) of this subsection:

(A) To mix, sell or serve any alcoholic liquor for consumption on licensed premises; or

(B) To dispense malt beverages, wines or cider sold in securely covered containers provided by the consumer.

(c) A permittee shall make the service permit available at any time while on duty for immediate inspection by any regulatory specialist or by any other peace officer.

(2) The commission may waive the requirement for a service permit for an employee of a licensee whose primary function is not the sale of alcoholic liquor or food, including but not limited to public passenger carriers, hospitals, or convalescent, nursing or retirement homes.

(3) Violation of the requirements of this section is a Class B violation.

SECTION 91. ORS 471.370 is amended to read:

471.370. Unless sooner suspended or revoked, a service permit expires five years after the date the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** issues the permit.

SECTION 92. ORS 471.375 is amended to read:

471.375. (1) Any person who has not had a permit refused or revoked or whose permit is not under suspension may mix, sell or serve alcoholic beverages as provided under subsection (3) of this section if the person prepares in duplicate an application for a service permit prior to mixing, selling or serving any alcoholic beverage for consumption on licensed premises. Until a person who has prepared an application under this subsection receives a service permit, the licensee for the premises shall make a copy of the application available for immediate inspection by any regulatory specialist or by any other peace officer.

(2) An applicant for a service permit must be 18 years of age or over. Application for a service permit shall be made on a form acceptable to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**. The applicant shall truly answer all questions, provide any further information required and pay a fee not to exceed \$50.

(3) An applicant described in subsection (1) of this section may:

(a) Participate in the mixing, selling or service of alcoholic beverages for consumption on the premises where served or sold; and

(b) Participate in the dispensing of malt beverages, wine or cider sold in securely covered containers provided by the consumer.

SECTION 93. ORS 471.380 is amended to read:

471.380. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may refuse to grant a service permit if it has reasonable grounds to believe any of the following to be true:

(a) That the applicant is in the habit of using alcoholic beverages or controlled substances to excess.

(b) That the applicant has made false statements to the commission.

(c) That the applicant is incompetent or physically incapable of performing the duties of a permittee.

(d) That the applicant has been convicted of violating any of the alcoholic liquor laws of this state, general or local, or has been convicted at any time of a felony.

(e) That the applicant has not completed the alcohol server education course and examination required by ORS 471.542.

(2) Notwithstanding ORS 183.435, an applicant who seeks review of the refusal of a service permit must request a hearing:

(a) Within 15 days after notification of the refusal, if the refusal is based on failure to complete the alcohol server education course and examination; or

(b) Within 30 days after notification of the refusal, if the refusal is based on any grounds other than failure to complete the alcohol server education course and examination.

SECTION 94. ORS 471.385 is amended to read:

471.385. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may revoke or suspend a service permit, or impose a civil penalty in lieu of or in addition to suspension as provided by ORS 471.322, if it finds or has reasonable grounds to believe any of the following to be true:

(a) That the permittee has made false statements to the commission.

(b) That the permittee has been convicted of a felony, of violating any of the liquor laws of the state, general or local, or any misdemeanor or violation of any municipal ordinance committed on the licensed premises.

(c) That the permittee has performed or permitted any act which would constitute a violation of any provision of this chapter or any rule of the commission, if the act were performed or permitted by any licensee of the commission.

(2) The issuance, suspension or revocation of a permit under ORS 471.360 to 471.385 does not relieve a licensee from responsibility for any act of an employee on the licensee's premises.

(3) When there has been a violation of this chapter or any rule adopted thereunder upon any premises licensed by the commission, the commission may revoke or suspend either the service permit of the employee who violated the law or rule or the license of the licensee upon whose premises the violation occurred, or both the permit and the license.

(4) Civil penalties under this section shall be imposed as provided in ORS 183.745.

SECTION 95. ORS 471.396 is amended to read:

471.396. (1) The prohibitions of ORS 471.394 (1) do not apply to persons holding winery licenses, grower sales privilege licenses, brewery-public house licenses, distillery licenses or brewery licenses, to the extent that retail sales are authorized by the statutes establishing the privileges of each license.

(2)(a) The prohibitions of ORS 471.394 (2) and (3) do not apply to a person who wholesales alcoholic liquor and who is not required to be licensed under the provisions of this chapter if the retail licensee does not sell any brand of alcoholic liquor sold or distributed by the person and does not sell any brand of alcoholic liquor produced by any manufacturer doing business with the person selling at wholesale.

(b) The prohibitions of ORS 471.394 (2) and (3) do not apply to a manufacturer of alcoholic liquor if the retail licensee does not sell any brand of alcoholic liquor sold, distributed or produced by the manufacturer and does not sell any brand of alcoholic liquor sold, distributed or produced by any subsidiary or other business entity that the manufacturer owns or manages, or that the manufacturer exercises control over.

(3) The prohibitions of ORS 471.394 do not apply solely by reason of the family relationship of a spouse or family member to a manufacturer or wholesaler if:

(a) The manufacturer or wholesaler is licensed by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** to sell alcoholic liquor at wholesale;

(b) The license authorizing sale of alcoholic liquor at wholesale was first issued before January 1, 1965, and has been held continuously since that date;

(c) The spouse or family member holds or seeks a license that authorizes the retail sale of alcoholic liquor for off-premises consumption only; and

(d) The manufacturer or wholesaler does not directly or indirectly sell alcoholic liquor to the spouse or family member.

(4) The prohibitions of ORS 471.394 do not apply solely by reason of the family relationship of a spouse or family member to the retail licensee if the manufacturer or wholesaler is licensed by the commission to sell alcoholic liquor at wholesale and does not directly or indirectly sell alcoholic liquor to the spouse or family member.

(5) Notwithstanding ORS 471.394, a manufacturer or wholesaler, and any officer, director or substantial stockholder of any corporate manufacturer or wholesaler, may hold, directly or indirectly, an interest in a full or limited on-premises sales licensee, provided that the interest does not result in exercise of control over, or participation in the management of, the licensee's business or business decisions, and does not result in exclusion of any competitor's brand of alcoholic liquor.

(6) Notwithstanding ORS 471.394, a full or limited on-premises sales licensee, and any officer, director or substantial stockholder of any corporate full or limited on-premises sales licensee, may hold, directly or indirectly, an interest in a manufacturer or wholesaler, provided that the interest does not result in exercise of control over, or participation in the management of, the manufacturer's or wholesaler's business or business decisions, and does not result in exclusion of any competitor's brand of alcoholic liquor.

(7) Notwithstanding ORS 471.394, an institutional investor with a financial interest in a wholesaler or manufacturer may hold, directly or indirectly, an interest in a retail licensee unless the institutional investor controls, is controlled by, or is under common control with, a wholesaler or manufacturer. Notwithstanding ORS 471.394, an institutional investor with a financial interest in a retail licensee may hold, directly or indirectly, an interest in a wholesaler or manufacturer unless the institutional investor controls, is controlled by, or is under common control with, a retail licensee. The provisions of this subsection apply only to an institutional investor that is a state or federally chartered bank, a state or federally chartered mutual savings bank, a mutual fund or pension fund, or a private investment firm. The principal business activity of the institutional investor must be the investment of capital provided by depositors, participants or investors. The institutional investor must maintain a diversified portfolio of investments. The majority of the institutional investor's investments may not be in businesses that manufacture, distribute or otherwise sell alcoholic beverages. The institutional investor, and the officers, directors, substantial shareholders, partners, employees and agents of the institutional investor, may not participate in management decisions relating to the sale or purchase of alcoholic beverages made by a licensee in which the institutional investor holds an interest.

(8) Notwithstanding ORS 471.394, a member of the board of directors of a parent company of a corporation that is a manufacturer may serve on the board of directors of a parent company of a corporation that is a retail licensee if:

(a) The manufacturer or parent company of a manufacturer is listed on a national security exchange;

(b) All purchases of alcoholic beverages by the retail licensee are made from holders of whole-sale malt beverage and wine licenses, brewery licenses or winery licenses in this state;

(c) The interest of the member of the board of directors does not result in the exclusion of any competitor's brand of alcoholic beverages on the licensed premises of the retail licensee; and

(d) The sale of goods and services other than alcoholic beverages by the retail licensee exceeds 50 percent of the gross receipts of the business conducted by the retail licensee on the licensed premises.

SECTION 96. ORS 471.400 is amended to read:

471.400. (1) Notwithstanding ORS 471.394 and 471.398, a manufacturer or wholesaler may lease or furnish picnic pumps, cold plates, tubs, refrigerated trailers, refrigerated vans and refrigerated draft systems to a retail licensee if the equipment is leased or furnished for a special event, if a reasonable rental or service fee is charged for the equipment and if the period that the equipment is leased or furnished does not exceed 10 days.

(2) Notwithstanding ORS 471.394 and 471.398, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may specify by rule the manner and circumstances under which a manufacturer or wholesaler may provide products and services to a nonprofit special licensee.

(3)(a) Notwithstanding ORS 471.394 and 471.398, the commission shall allow the sale of nonalcoholic products in the manner in which the nonalcoholic product is sold by a manufacturer or wholesaler not licensed by the commission. The commission may limit merchandising practices involving nonalcoholic products if the commission finds that the limitations are necessary to prevent abuses of ORS 471.394 and 471.398 by the industry as a whole.

(b) Any fixtures, equipment or furnishings provided by a manufacturer or wholesaler in furtherance of the sale of nonalcoholic products may not be used by the retail licensee to store, service, display, advertise, furnish or sell, or aid in the sale of, alcoholic products regulated by the commission. All such fixtures, equipment or furnishings must be identified by the retail licensee as being furnished by a licensed manufacturer or wholesaler.

SECTION 97. ORS 471.403 is amended to read:

471.403. (1) Except as provided in this section, a person may not brew, ferment, distill, blend or rectify any alcoholic liquor unless licensed so to do by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**.

(2) The holder of a brewery-public house license or a brewery license may allow patrons to brew malt beverages not to exceed 14 percent alcoholic content by volume if the brewing is conducted under the direct supervision of the licensee or employees of the licensee. Malt beverages produced under this subsection may not be sold by the patron.

(3) The holder of a winery license may allow patrons to make wine if the winemaking is conducted under the direct supervision of the licensee or employees of the licensee. Wine produced under this subsection may not be sold by the patron.

(4) A person may make homemade beer, wine and fermented fruit juice as authorized under ORS 471.037. A person may provide assistance to another in making the homemade beer, wine or fermented fruit juice, if the person does not receive financial consideration as defined in ORS 471.037 for providing the assistance.

SECTION 98. ORS 471.404 is amended to read:

471.404. (1) Alcoholic liquor may not be imported into this state by any person other than a holder of a brewery, winery, distillery or wholesaler's license, except as follows:

(a) Alcoholic liquor ordered by and en route to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, under a certificate of approval issued by the commission.

(b) Wines for sacramental purposes according to rules adopted by the commission.

- (c) Alcoholic liquor that is in transit on a common carrier to a destination outside Oregon.
 - (d) Alcoholic liquor coming into Oregon on a common carrier according to orders placed by a licensed brewery, winery or wholesaler.
 - (e) Grain and ethyl alcohol for scientific, pharmaceutical, manufacturing, mechanical or industrial use, under a certificate of approval issued by the commission.
 - (f) Wine or cider that is sold and transported by the holder of a wine self-distribution permit to a retail licensee that has the endorsement described in ORS 471.274 (5).
 - (g) Malt beverages, wine or cider shipped directly to a resident of this state under a direct shipper permit issued pursuant to ORS 471.282.
- (2) The commission may require importers of alcoholic liquor to pay a reasonable handling fee based on the quantity and type of alcoholic liquor being imported.

SECTION 99. ORS 471.405 is amended to read:

471.405. (1) No person shall peddle or deliver alcoholic beverages to or at any place, where, without a license, alcoholic beverages are sold or offered for sale. No licensee shall sell or offer for sale any alcoholic beverage in a manner, or to a person, other than the license permits the licensee to sell.

(2) No person shall purchase, possess, transport or import, except for sacramental purposes, an alcoholic beverage unless it is procured from or through the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, except as provided otherwise in the Liquor Control Act.

(3) No person not licensed under the Liquor Control Act shall sell, solicit, take orders for or peddle alcoholic beverages.

(4) Notwithstanding the provisions of subsection (2) of this section, an individual entering the state may have in possession an amount not to exceed four liters (135.2 fluid ounces) of distilled liquor, two cases of wine or cider (620 fluid ounces) and two cases of malt beverages (576 fluid ounces). These quantities of alcoholic beverages are exempt from fees collected by the commission.

(5) Upon conviction for unlawfully purchasing or importing alcoholic beverages into this state, the person convicted shall forfeit to the commission the alcoholic beverage so purchased or imported. The commission shall thereupon seize the forfeited beverage and it shall then become the commission's property.

SECTION 100. ORS 471.410 is amended to read:

471.410. (1) A person may not sell, give or otherwise make available any alcoholic liquor to any person who is visibly intoxicated.

(2) No one other than the person's parent or guardian may sell, give or otherwise make available any alcoholic liquor to a person under the age of 21 years. A parent or guardian may give or otherwise make alcoholic liquor available to a person under the age of 21 years only if the person is in a private residence and is accompanied by the parent or guardian. A person violates this subsection who sells, gives or otherwise makes available alcoholic liquor to a person with the knowledge that the person to whom the liquor is made available will violate this subsection.

(3)(a) A person who exercises control over private real property may not knowingly allow any other person under the age of 21 years who is not a child or minor ward of the person to consume alcoholic liquor on the property, or allow any other person under the age of 21 years who is not a child or minor ward of the person to remain on the property if the person under the age of 21 years consumes alcoholic liquor on the property.

(b) This subsection:

(A) Applies only to a person who is present and in control of the location at the time the consumption occurs;

(B) Does not apply to the owner of rental property, or the agent of an owner of rental property, unless the consumption occurs in the individual unit in which the owner or agent resides; and

(C) Does not apply to a person who exercises control over a private residence if the liquor consumed by the person under the age of 21 years is supplied only by an accompanying parent or guardian.

(4) This section does not apply to sacramental wine given or provided as part of a religious rite or service.

(5) Except as provided in subsections (6) and (7) of this section, a person who violates subsection (1) or (2) of this section commits a Class A misdemeanor. Upon violation of subsection (2) of this section, the court shall impose at least a mandatory minimum sentence as follows:

(a) Upon a first conviction, a fine of at least \$500.

(b) Upon a second conviction, a fine of at least \$1,000.

(c) Upon a third or subsequent conviction, a fine of at least \$1,500 and not less than 30 days of imprisonment.

(6)(a) A person who violates subsection (2) of this section is subject to the provisions of this subsection if the person does not act knowingly or intentionally and:

(A) Is licensed or appointed under this chapter; or

(B) Is an employee of a person licensed or appointed under this chapter and holds a valid service permit or has attended a program approved by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** that provides training to avoid violations of this section.

(b) For a person described in paragraph (a) of this subsection:

(A) A first conviction is a Class A violation.

(B) A second conviction is a specific fine violation, and the presumptive fine for the violation is \$860.

(C) A third conviction is a Class A misdemeanor. The court shall impose a mandatory fine of not less than \$1,000.

(D) A fourth or subsequent conviction is a Class A misdemeanor. The court shall impose a mandatory fine of not less than \$1,000 and a mandatory sentence of not less than 30 days of imprisonment.

(7) For an employee of an off-premises sales licensee who violates subsection (2) of this section while operating a checkout device and does not act knowingly or intentionally, a first conviction is a Class A violation.

(8) The court may waive an amount that is at least \$200 but not more than one-third of the fine imposed under subsection (5) of this section, if the violator performs at least 30 hours of community service.

(9) Except as provided in subsection (8) of this section, the court may not waive or suspend imposition or execution of the mandatory minimum sentence required by subsection (5) or (6) of this section. In addition to the mandatory sentence, the court may require the violator to make restitution for any damages to property where the alcoholic liquor was illegally consumed or may require participation in volunteer service to a community service agency.

(10)(a) Except as provided in paragraph (b) of this subsection, a person who violates subsection (3) of this section commits a Class A violation.

(b) A second or subsequent violation of subsection (3) of this section is a specific fine violation, and the presumptive fine for the violation is \$1,000.

(11) Nothing in this section prohibits any licensee under this chapter from allowing a person who is visibly intoxicated from remaining on the licensed premises so long as the person is not sold or served any alcoholic liquor.

SECTION 101. ORS 471.412 is amended to read:

471.412. (1) A licensee or permittee may not allow a person to consume or to continue to consume alcoholic beverages on the licensed premises after observing that the person is visibly intoxicated.

(2) A licensee or permittee is not in violation of subsection (1) of this section if the licensee or permittee makes a good faith effort to remove any unconsumed alcoholic beverages from the person's possession when the licensee or permittee observes that the person is visibly intoxicated.

(3) Nothing in this section applies to determining liability under ORS 471.565.

(4) Notwithstanding any other provision of law, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall only impose letters of reprimand for the first three vio-

lations of this section within a two-year period. For license renewal purposes, the first three violations of this section in a two-year period do not apply in determining the past record of compliance under ORS 471.313 (4)(g).

SECTION 102. ORS 471.425 is amended to read:

471.425. (1) No person shall make false representations or statements to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** in order to induce or prevent action by the commission.

(2) No licensee of the commission shall maintain a noisy, lewd, disorderly or insanitary establishment or supply impure or otherwise deleterious alcoholic beverages.

(3) No licensee of the commission shall misrepresent to a customer or to the public any alcoholic liquor sold by such licensee.

SECTION 103. ORS 471.430 is amended to read:

471.430. (1) A person under 21 years of age may not attempt to purchase, purchase or acquire alcoholic beverages. Except when such minor is in a private residence accompanied by the parent or guardian of the minor and with such parent's or guardian's consent, a person under 21 years of age may not have personal possession of alcoholic beverages.

(2) For the purposes of this section, personal possession of alcoholic beverages includes the acceptance or consumption of a bottle of such beverages, or any portion thereof or a drink of such beverages. However, this section does not prohibit the acceptance or consumption by any person of sacramental wine as part of a religious rite or service.

(3) Except as authorized by rule or as necessitated in an emergency, a person under 21 years of age may not enter or attempt to enter any portion of a licensed premises that is posted or otherwise identified as being prohibited to the use of minors.

(4)(a) Except as provided in paragraph (b) of this subsection, a person who violates subsection (1) or (3) of this section commits a Class B violation.

(b) A person commits a Class A violation if the person violates subsection (1) of this section by reason of personal possession of alcoholic beverages while the person is operating a motor vehicle as defined in ORS 801.360.

(5) In addition to and not in lieu of any other penalty established by law:

(a) The court may order a person who violates subsection (1) of this section through misrepresentation of age to perform community service; and

(b) The court shall order, when a person violates subsection (1) of this section, that the person's driving privileges and right to apply for driving privileges be suspended pursuant to ORS 809.260 and 809.280. The court notification made to the Department of Transportation under this paragraph may include a recommendation that the person be granted a hardship permit under ORS 807.240 if the person is otherwise eligible for the permit.

(6) If a person cited under this section is at least 13 years of age but less than 21 years of age at the time the person is found in default under ORS 153.102 or 419C.472 for failure to appear, in addition to and not in lieu of any other penalty established by law, the court shall issue notice under ORS 809.220 to the department for the department to suspend the person's driving privileges under ORS 809.280 (4).

(7) In addition to and not in lieu of any penalty established by law, the court may order a person who violates this section to undergo assessment and treatment as provided in ORS 471.432. The court shall order a person to undergo assessment and treatment as provided in ORS 471.432 if the person has previously been found to have violated this section.

(8) The prohibitions of this section do not apply to a person under 21 years of age who is acting under the direction of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** or under the direction of state or local law enforcement agencies for the purpose of investigating possible violations of laws prohibiting sales of alcoholic beverages to persons who are under 21 years of age.

(9) The prohibitions of this section do not apply to a person under 21 years of age who is acting under the direction of a licensee for the purpose of investigating possible violations by employees

of the licensee of laws prohibiting sales of alcoholic beverages to persons who are under 21 years of age.

(10)(a) A person under 21 years of age is not in violation of, and is immune from prosecution under, this section if:

(A) The person contacted emergency medical services or a law enforcement agency in order to obtain medical assistance for another person who was in need of medical assistance due to alcohol consumption and the evidence of the violation was obtained as a result of the person's having contacted emergency medical services or a law enforcement agency; or

(B) The person was in need of medical assistance due to alcohol consumption and the evidence of the violation was obtained as a result of the person's having sought or obtained the medical assistance.

(b) Paragraph (a) of this subsection does not exclude the use of evidence obtained as a result of a person's having sought medical assistance in proceedings for crimes or offenses other than a violation of this section.

SECTION 104. ORS 471.442 is amended to read:

471.442. (1) No wine or cider shall be sold or offered for sale within this state unless it complies with the minimum standards fixed pursuant to law.

(2) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may require a manufacturer, importer or wholesaler to provide samples of a particular wine or cider, and to provide a laboratory analysis demonstrating to the satisfaction of the commission that the particular wine or cider complies with the minimum standards in this state.

(3) No wine or cider offered for sale within this state may be altered or tampered with in any way by any person not licensed to do so by the commission.

(4) The commission may prohibit the sale of any wine or cider for a reasonable period of time while it is determining whether the wine or cider complies with minimum standards in this state.

SECTION 105. ORS 471.446 is amended to read:

471.446. (1) No retail licensee shall purchase any wine or cider for resale except in sealed containers, the seals of which shall remain unbroken when it is sold for consumption off the premises.

(2) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may refuse to sell, or may prohibit any licensee from selling, any brand of alcoholic liquor which in its judgment is deceptively labeled or branded as to content, or contains injurious or adulterated ingredients.

SECTION 106. ORS 471.473 is amended to read:

471.473. (1) A person appointed to operate a store established by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** under ORS 471.750 qualifies for the payment of business loss compensation under this section if:

(a) The system for selling containers of distilled liquor at retail in this state changes after the person assumes operation of the store; and

(b) The system change results from a law that prohibits the commission from purchasing or selling distilled liquor.

(2) The purpose of business loss compensation is to offset the actual or presumed sales reduction and actual or perceived devaluation of a liquor store business following a system change described in subsection (1) of this section. The commission shall pay a person qualifying under this section business loss compensation equal to four percent of the average annual gross distilled liquor sales made by the store during the five years that preceded the system change, whether or not the person was the store operator during the entire five-year period. If the store has operated less than five years prior to the system change, the commission shall pay compensation equal to four percent of the average annual gross distilled liquor sales made by the store prior to the system change.

(3)(a) The commission shall pay any business loss compensation due under this section from the suspense account described in ORS 471.805. Except as otherwise required by federal or state law or by contract, the commission shall give the payment of business loss compensation priority over the payment of other debts from the suspense account.

(b) Notwithstanding ORS 279A.250 to 279A.290 or the revolving fund balance limit established in ORS 471.805, if a change in the system for selling containers of distilled liquor at retail in this state results in business loss compensation being payable under this section, and the commission declares within five years after the system change that a warehouse established by the commission under ORS 471.750 or the inventory of the commission is surplus property, the net proceeds from sale of the warehouse or inventory remaining after deduction of sales costs shall be deposited to the suspense account described in ORS 471.805. All moneys deposited under this paragraph shall be kept in a subaccount within the suspense account that indicates the source of the moneys. Notwithstanding ORS 471.805, moneys deposited to the suspense account under this paragraph may not be transferred to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** Account if any business loss compensation is owed and remains unpaid. This paragraph does not restrict the source for paying business loss compensation from the suspense account or alter the priority of business loss compensation payment established in paragraph (a) of this subsection.

(4) If a person that receives business loss compensation under this section brings any action against the commission for damages resulting from a change in the system for selling containers of distilled liquor at retail in this state, the business loss compensation received by the person as a result of that system change shall be an offset against any damages awarded the person in the action. This subsection does not create any new cause of action.

(5) Business loss compensation received by a person under this section does not affect the claiming of any tax deduction by the person for depreciation of equipment, fixtures or other property improvements, but is ordinary business income of the person, taxable as provided by law.

SECTION 107. ORS 471.475 is amended to read:

471.475. No person who owns, operates or conducts a private or public club or place and who is not in possession of a license issued by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** permitting the mixing, storing and serving of alcoholic liquor at said premises, and no agent, servant or employee of such person, for a financial consideration by way of a charge for service, membership fee, admission fee, initiation fee, club dues, contributions, or other fee or charge, shall serve or permit to be served, or use or permit to be used, any room, place, bar, glasses, mixers, locker, storage place, chairs, tables, cash registers, music devices, furniture, furnishings, equipment or facilities, for the mixing, storing, serving or drinking of alcoholic liquor.

SECTION 108. ORS 471.478 is amended to read:

471.478. On and after January 1, 1978:

(1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** by rule shall require the identification of kegs of malt beverages sold directly to consumers who are not licensees of the commission and the signing of a receipt therefor by the purchaser in order to allow the kegs to be traced if the contents are consumed in violation of the Liquor Control Act. The keg identification shall be in the form of a numbered label prescribed and supplied by the commission which identifies the seller and which is removable or obliterated when the keg is processed for re-filling. The receipt shall be on a form prescribed and supplied by the commission and shall include the name and address of the purchaser; motor vehicle operator's license number, if any; the automobile registration of the motor vehicle in which the keg was removed from the seller's premises, if any; and such other identification as the commission by rule may require. The receipt shall contain a statement that must be signed by the purchaser that, under penalty of false swearing, the purchaser will not allow consumption of any malt beverage in the keg in violation of ORS 471.410. A copy of the receipt shall be given to the purchaser and the seller shall retain the original receipt for such period as the commission by rule may require.

(2) Possession of a keg containing malt beverages which is not identified as required by subsection (1) of this section is a Class A misdemeanor.

(3) A person who signs a receipt described in subsection (1) of this section in order to obtain a keg, knowing the receipt to be false, or who falsifies any information required on the receipt, is guilty of false swearing as prescribed by ORS 162.075.

(4) As used in this section, “keg” means any brewery-sealed, individual container of malt beverage having a liquid capacity of more than seven gallons.

SECTION 108a. If House Bill 2264 becomes law, section 108 of this 2021 Act (amending ORS 471.478) is repealed.

SECTION 109. ORS 471.480 is amended to read:

471.480. (1) Any employee 18 years of age or older of a person who holds an off-premises sales license from the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may sell any alcoholic liquor authorized by such license on the licensed premises.

(2) Any employee 18 years of age or older of a person who holds a wholesale malt beverage and wine license from the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may assist the licensee in the delivery of any alcoholic liquor authorized by such license.

(3) During any inspection of a licensed premises, the commission may require proof that a person performing work at the premises meets any applicable minimum age requirement created under this chapter or under commission rules. If the person does not provide the commission with acceptable proof of age upon request, the commission may require the person to immediately cease any activity that is subject to a minimum age requirement until the commission receives acceptable proof of age. If the activity is the sole lawful basis for the person to be present on the premises, the commission may require that the person leave the premises. This subsection does not apply to a person temporarily at the premises to make a service, maintenance or repair call, to make a delivery or for other purposes independent of the premises operations.

(4) If a person performing work that is subject to a minimum age requirement has not provided proof of age requested by the commission under subsection (3) of this section, the commission may request that the licensee or a manager of the premises provide proof that the person meets any applicable minimum age requirement created under this chapter or under commission rules. Failure of the licensee or manager to respond to a request made under this subsection by providing acceptable proof of age for a person is prima facie evidence that the licensee has allowed the person to perform work at the licensed premises in violation of a minimum age requirement.

SECTION 110. ORS 471.482 is amended to read:

471.482. (1) The holder of a license issued under this chapter may employ persons 18, 19 and 20 years of age who may take orders for, serve and sell alcoholic liquor in any part of the licensed premises when that activity is incidental to the serving of food except in those areas classified by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** as being prohibited to the use of minors. However, no person who is 18, 19 or 20 years of age shall be permitted to mix, pour or draw alcoholic liquor except when pouring is done as a service to the patron at the patron’s table or drawing is done in a portion of the premises not prohibited to minors.

(2) A person who is 18, 19 or 20 years of age may enter areas classified by the commission as being prohibited to the use of minors only for the purpose of ordering and picking up alcoholic liquor for service in other parts of the premises. However, the person shall not remain in the areas longer than is necessary to perform those duties.

(3) The commission by rule may permit access to prohibited areas by any minor for nonalcoholic liquor employment purposes as long as the minor does not remain longer than is necessary to perform the duties.

(4) During any inspection of a licensed premises, the commission may require proof that a person performing work at the premises meets any applicable minimum age requirement created under this chapter or under commission rules. If the person does not provide the commission with acceptable proof of age upon request, the commission may require the person to immediately cease any activity that is subject to a minimum age requirement until the commission receives acceptable proof of age. If the activity is the sole lawful basis for the person to be present on the premises, the commission may require that the person leave the premises. This subsection does not apply to a person temporarily at the premises to make a service, maintenance or repair call, make a delivery or for other purposes independent of the premises operations.

(5) If a person performing work that is subject to a minimum age requirement has not provided proof of age requested by the commission under subsection (4) of this section, the commission may request that the licensee or a manager of the premises provide proof that the person meets any applicable minimum age requirement created under this chapter or under commission rules. Failure of the licensee or manager to respond to a request made under this subsection by providing acceptable proof of age for a person is prima facie evidence that the licensee has allowed the person to perform work at the licensed premises in violation of a minimum age requirement.

SECTION 111. ORS 471.495 is amended to read:

471.495. Any wholesale licensee who receives a check, order, negotiable instrument or voucher in payment for malt beverages, cider or wine, who receives an instrument from a retail licensee which, upon presentation, is not paid by the party on whom it is drawn, shall report such fact forthwith to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**.

SECTION 112. ORS 471.500 is amended to read:

471.500. The provisions of ORS 471.485, 471.490 and 471.495 shall not apply to any common carrier licensed by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**.

SECTION 113. ORS 471.510 is amended to read:

471.510. ORS 471.506 shall not prohibit the sale of pure alcohol for scientific or manufacturing purposes, or of wines to church officials for sacramental purposes, nor shall it prevent any person residing in the county or city from ordering and having delivered to the home of the person, for the personal use of self and family, alcoholic liquors purchased from the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** or from persons duly licensed to sell them under the Liquor Control Act.

SECTION 114. ORS 471.541 is amended to read:

471.541. The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall establish an Alcohol Education Program. The Alcohol Education Program shall consist of all the duties of the commission in administering clerk training courses under ORS 471.341 and alcohol server education courses under ORS 471.542.

SECTION 115. ORS 471.542 is amended to read:

471.542. (1) Except as provided in subsection (2) of this section, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall require a person applying for issuance or renewal of a service permit or any license that authorizes the sale or service of alcoholic beverages for consumption on the premises to complete an approved alcohol server education course and examination as a condition of the issuance or renewal of the permit or license.

(2) A person applying for issuance or renewal of a license that authorizes the sale or service of alcoholic beverages for consumption on the premises need not complete an approved alcohol server education course and examination as a condition of the issuance or renewal of the license if:

(a) The license has been restricted by the commission to prohibit sale or service of alcoholic beverages for consumption on the premises; or

(b) The person applying for issuance or renewal of the license submits a sworn statement to the commission stating that the person will not engage in sale or service of alcoholic beverages for consumption on the premises, will not directly supervise or manage persons who sell or serve alcoholic beverages on the premises, and will not participate in establishing policies governing the sale or service of alcoholic beverages on the premises.

(3) The commission by rule shall establish requirements that licensees and permittees must comply with as a condition of requalifying for a license or permit. The licensee or permittee must comply with those requirements once every five years after completing the initial alcohol server education course and examination. The requirements established by the commission to requalify for a license may include retaking the alcohol server education course and examination. The requirements established by the commission to requalify for a service permit shall include retaking the alcohol server education course and examination.

(4) The commission may extend the time periods established by this section upon a showing of hardship. The commission by rule may exempt a licensee from the requirements of this section if the licensee does not participate in the management of the business.

(5) The standards and curriculum of alcohol server education courses shall include but not be limited to the following:

(a) Alcohol as a drug and its effects on the body and behavior, especially driving ability.

(b) Effects of alcohol in combination with commonly used legal, prescription or nonprescription, drugs and illegal drugs.

(c) Recognizing the problem drinker and community treatment programs and agencies.

(d) State alcohol beverage laws such as prohibition of sale to minors and sale to intoxicated persons, sale for on-premises or off-premises consumption, hours of operation and penalties for violation of the laws.

(e) Drunk driving laws and liquor liability statutes.

(f) Intervention with the problem customer, including ways to cut off service, ways to deal with the belligerent customer and alternative means of transportation to get the customer safely home.

(g) Advertising and marketing for safe and responsible drinking patterns and standard operating procedures for dealing with customers.

(6) The commission shall adopt rules to impose reasonable fees for administrative costs on alcohol server education course instructors and providers.

(7) The commission shall provide alcohol server education courses and examinations through independent contractors, private persons or private or public schools certified by the commission. The commission shall adopt rules governing the manner in which alcohol server education courses and examinations are made available to persons required to take the course. In adopting rules under this subsection, the commission shall consider alternative means of providing courses, including but not limited to providing courses through audiotapes, videotapes, the Internet and other electronic media.

SECTION 116. ORS 471.547 is amended to read:

471.547. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall establish an Alcohol Server Education Advisory Committee. The advisory committee shall consist of the following members:

(a) One person who represents the commission.

(b) One person who represents the Oregon State Police.

(c) One person who represents the Oregon District Attorneys Association.

(d) One person who represents the Oregon Health Authority.

(e) One person who represents the Department of Transportation.

(f) One person who represents a nonprofit organization the purpose of which is to reduce the incidence of drunk driving.

(g) One person who has general expertise in education.

(h) One person who has expertise in health education.

(i) One person who represents classroom alcohol server education providers.

(j) One person who represents online alcohol server education providers.

(k) At least one person who is a service permittee under ORS 471.360.

(L) Not more than two persons who represent insurance companies.

(m) Not more than three persons who represent retail licensees.

(2) The purpose of the advisory committee is to assist in the development of:

(a) The standards, curriculum and materials for the alcohol server education courses required under ORS 471.542;

(b) The examination required by ORS 471.542, and procedures for administering that examination;

(c) The certification procedures, enforcement policies and penalties for alcohol server education course instructors and providers; and

(d) The time requirements for completion of an alcohol server education course and examination and the conditions for probationary extension.

SECTION 117. ORS 471.549 is amended to read:

471.549. In addition to such other sanctions as may be authorized by law, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may impose a civil penalty not to exceed \$1,000 against any alcohol server education course instructor or provider who violates a rule promulgated by the commission pursuant to ORS 471.542. The civil penalty may be in addition to or in lieu of any suspension, revocation or cancellation of the certification of an alcohol server education course instructor or provider.

SECTION 118. ORS 471.551 is amended to read:

471.551. (1) Any person in possession of a valid retail liquor license, who sells liquor by the drink for consumption on the premises or sells for consumption off the premises, shall post a sign informing the public of the effects of alcohol consumption during pregnancy.

(2) The sign shall:

(a) Contain the message: "Pregnancy and alcohol do not mix. Drinking alcoholic beverages, including wine, coolers and beer, during pregnancy can cause birth defects."

(b) Be either:

(A) A large sign, no smaller than eight and one-half inches by 11 inches in size with lettering no smaller than five-eighths of an inch in height; or

(B) A reduced sign, five by seven inches in size with lettering of the same proportion as the large sign described in paragraph (a) of this subsection.

(c) Contain a graphic depiction of the message to assist nonreaders in understanding the message. The depiction of a pregnant female shall be universal and shall not reflect a specific race or culture.

(d) Be in English unless a significant number of the patrons of the retail premises use a language other than English as a primary language. In such cases, the sign shall be worded in both English and the primary language or languages of the patrons.

(e) Be displayed on the premises of all licensed retail liquor premises as either a large sign at the point of entry, or a reduced sized sign at points of sale.

(3) The person described in subsection (1) of this section shall be encouraged to also post signs of any size at places where alcoholic beverages are displayed.

(4) Notwithstanding ORS 471.561, the holder of a retail liquor license may produce the sign required by this section insofar as the sign is consistent with the standards established pursuant to this section, ORS 616.286 and 624.060 and the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, and is displayed in accordance with subsection (2)(e) of this section.

SECTION 119. ORS 471.553 is amended to read:

471.553. The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall consult with representatives of business and industry as well as interested citizens groups, including the March of Dimes and the Junior League, to determine the most cost-effective, convenient method to produce and post the sign described in ORS 471.551, which shall be distributed by the commission.

SECTION 120. ORS 471.557 is amended to read:

471.557. The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may solicit private funds, if necessary, to produce and distribute the signs.

SECTION 121. ORS 471.559 is amended to read:

471.559. (1) If no warning sign is posted:

(a) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall furnish a warning sign.

(b) The retailer shall have five days from the receipt of the warning sign to post it appropriately.

(2) If there is a violation of this section or of ORS 471.551, the violator shall be subject to:

(a) A written warning from the commission for the first violation accompanied by a copy of the sign.

(b) A civil penalty of not to exceed \$25 payable to the commission for a second violation.

(c) A civil penalty of not to exceed \$25 for the third and subsequent violations for each day the sign is not posted.

(3) The civil penalty imposed under subsection (2) of this section shall be separate from any other sanction or penalty imposed by the commission and shall not be used in any progressive violation schedule.

(4) The penalty provided by this section shall be the sole penalty for violation of this section or ORS 471.551 or the rules adopted under section 1, chapter 324, Oregon Laws 1991.

(5) Violation of this section or ORS 471.551 or the rules adopted under section 1, chapter 324, Oregon Laws 1991, shall not be grounds for refusal to issue a license, cancellation of a license or suspension of a license issued under this chapter.

(6) Nothing in this section or ORS 471.551 or the rules adopted under section 1, chapter 324, Oregon Laws 1991, creates any new cause of action or any private right of any person.

SECTION 122. ORS 471.561 is amended to read:

471.561. By June 30, 1992, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall produce and complete distribution of the warning signs, free of charge, to all holders of retail liquor licenses. The commission shall produce and distribute additional signs as liquor licenses are granted.

SECTION 123. ORS 471.565 is amended to read:

471.565. (1) A patron or guest who voluntarily consumes alcoholic beverages served by a person licensed by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, a person holding a permit issued by the commission or a social host does not have a cause of action, based on statute or common law, against the person serving the alcoholic beverages, even though the alcoholic beverages are served to the patron or guest while the patron or guest is visibly intoxicated. The provisions of this subsection apply only to claims for relief based on injury, death or damages caused by intoxication and do not apply to claims for relief based on injury, death or damages caused by negligent or intentional acts other than the service of alcoholic beverages to a visibly intoxicated patron or guest.

(2) A person licensed by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, person holding a permit issued by the commission or social host is not liable for damages caused by intoxicated patrons or guests unless the plaintiff proves by clear and convincing evidence that:

(a) The licensee, permittee or social host served or provided alcoholic beverages to the patron or guest while the patron or guest was visibly intoxicated; and

(b) The plaintiff did not substantially contribute to the intoxication of the patron or guest by:

(A) Providing or furnishing alcoholic beverages to the patron or guest;

(B) Encouraging the patron or guest to consume or purchase alcoholic beverages or in any other manner; or

(C) Facilitating the consumption of alcoholic beverages by the patron or guest in any manner.

(3) Except as provided in subsection (4) of this section, an action for damages caused by intoxicated patrons or guests off the premises of a person licensed by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, a person holding a permit issued by the commission or a social host may be brought only if the person asserting the claim has given the licensee, permittee or social host the notice required by subsection (5) of this section within the following time periods:

(a) If a claim is made for damages arising out of wrongful death, notice must be given within one year after the date of death, or within one year after the date that the person asserting the claim discovers or reasonably should have discovered the existence of a claim under this section, whichever is later.

(b) If a claim is made for damages for injuries other than wrongful death, notice must be given within 180 days after the injury occurs, or within 180 days after the person asserting the claim discovers or reasonably should have discovered the existence of a claim under this section, whichever is later.

(4) The time provided for the giving of notice under subsection (3) of this section does not include any period during which:

(a) The claimant is under 18 years of age;

(b) The claimant is unable to give notice by reason of the injury or by reason of being financially incapable, as defined in ORS 125.005, or is incapacitated, as defined in ORS 125.005; or

(c) The claimant is unable to determine that the licensee, permittee or social host is liable because the patron or guest who caused the damages asserts a right against self-incrimination and cannot be compelled to reveal the identity of the licensee, permittee or social host, or cannot be compelled to reveal facts that would establish the liability of the licensee, permittee or social host.

(5) A licensee, permittee or social host shall be considered to have been given notice for the purposes of this section if:

(a) The licensee, permittee or social host is given formal notice in the manner specified in subsection (6) of this section;

(b) The licensee, permittee or social host receives actual notice as described in subsection (7) of this section;

(c) An action is commenced by or on behalf of the claimant within the period of time specified by subsections (3) and (4) of this section; or

(d) Any payment on the claim is made to the claimant by or on behalf of the licensee, permittee or social host.

(6) Formal notice of a claim subject to this section must be in writing, must be mailed to the licensee, permittee or social host, or personally served on the licensee, permittee or social host, and must contain all of the following:

(a) A statement that a claim for damages is made against the licensee, permittee or social host.

(b) A description of the time, place and circumstances giving rise to the claim, so far as known to the claimant.

(c) The name of the claimant and mailing address for the claimant to which correspondence regarding the claim may be mailed.

(7) For the purposes of this section, "actual notice" means any communication to a licensee, permittee or social host that gives the licensee, permittee or social host actual knowledge of the time, place and circumstances of the claim, if the communication is such that a reasonable person would conclude that a particular person intends to assert a claim against the licensee, permittee or social host.

SECTION 124. ORS 471.567 is amended to read:

471.567. (1) Notwithstanding ORS 471.130 and 471.565, no licensee, permittee or social host shall be liable to third persons injured by or through persons under the age of 21 years who obtained alcoholic beverages from the licensee, permittee or social host unless it is demonstrated that a reasonable person would have determined that identification should have been requested or that the identification exhibited was altered or did not accurately describe the person to whom the alcoholic liquor was sold or served.

(2) A person who is under 21 but at least 18 years of age and who through misrepresentation of age causes an [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** licensee to be fined or have a license suspended or revoked shall be civilly liable for damages sustained by the licensee. The court may award reasonable attorney fees to the prevailing party in an action under this subsection.

(3) Subsection (2) of this section does not apply to a person under the age of 21 years who is acting under the direction of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** or under the direction of state or local law enforcement agencies for the purpose of

investigating possible violations of laws prohibiting sales of alcoholic beverages to persons who are under the age of 21 years.

(4) Subsection (2) of this section does not apply to a person under the age of 21 years who is acting under the direction of a licensee for the purpose of investigating possible violations by employees of the licensee of laws prohibiting sales of alcoholic beverages to persons who are under the age of 21 years.

SECTION 125. ORS 471.605 is amended to read:

471.605. The state police, sheriffs, constables and all police officers within the State of Oregon shall enforce all provisions of the Liquor Control Act and assist the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** in detecting violations of that statute and apprehending offenders. Each such enforcing officer having notice, knowledge or reasonable ground of suspicion of any violation of that statute shall immediately notify the district attorney, and furnish the district attorney with names and addresses of any witnesses, or other information within the officer's knowledge, of such violation.

SECTION 126. ORS 471.610 is amended to read:

471.610. Whenever any officer arrests any person for violation of the Liquor Control Act, the officer may take into possession all alcoholic liquor and other property which the person so arrested has in possession, or on the premises, which is apparently being used in violation of that statute. If the person so arrested is convicted, and it is found that the liquor and other property has been used in violation of the law, the same shall be forfeited to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, and shall be delivered by the court or officer to the commission. The commission is authorized to destroy or make such other disposition thereof as it considers to be in the public interest. In any such case, all alcoholic liquor purchased or acquired from any source, and all property, including bars, glasses, mixers, lockers, chairs, tables, cash registers, music devices, gambling devices, furniture, furnishings, equipment and facilities for the mixing, storing, serving or drinking of alcoholic liquor shall be confiscated and forfeited to the state, and the clear proceeds shall be deposited with the State Treasury in the Common School Fund in the manner provided in this section.

SECTION 127. ORS 471.615 is amended to read:

471.615. The county courts, district attorneys and municipal authorities, immediately upon the conviction of any licensee of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** of a violation of any provision of the Liquor Control Act or the violation of any other law of this state or ordinance of any municipality therein, in which violation alcoholic liquor had any part, shall notify the commission thereof. Such officials shall notify the commission of any acts, practices or other conduct of any such licensee which may be subversive of the general welfare or contrary to the spirit of the Liquor Control Act and shall recommend such action on the part of the commission as will remove the evil.

SECTION 128. ORS 471.630 is amended to read:

471.630. The Attorney General, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** or its administrators, or the district attorney of the county wherein a nuisance as defined in ORS 471.620 exists, or where it has existed but has temporarily ceased and there is good and sufficient cause to believe that it will be maintained in the future, may institute an action in the circuit court for such county in the name of the state to abate, and to temporarily and permanently enjoin, such nuisance. The court has the right to make temporary and final orders as in other injunction proceedings. The plaintiff shall not be required to give bond in such action.

SECTION 129. ORS 471.645 is amended to read:

471.645. If a temporary injunction is granted, the court may issue further restraining orders as described in ORS 471.635; and forthwith may issue an order closing such place against its use for any purpose until the final decision, or the court may allow such place to be occupied or used during the pendency of the injunction proceedings by requiring the defendants to furnish an irrevocable letter of credit issued by an insured institution as defined in ORS 706.008 or a bond with sufficient surety, to be approved by the court, in the penal sum of not less than \$2,500, payable to the state.

The bond or letter of credit shall be conditioned that alcoholic liquor will not be manufactured, possessed, sold, served, bartered, or given away, or furnished, or otherwise disposed of thereon or therein, or kept thereon or therein with the intent to sell, barter, serve, or give away, or otherwise dispose of alcoholic liquor contrary to law, and that the defendants will pay all fines, costs and damages assessed against them for any violation of such conditions. The State of Oregon in an action brought by the Attorney General, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** or its administrators, or the district attorney, may take whatever steps necessary to recover the whole amount as a penalty for the use of the county wherein the premises are situated.

SECTION 130. ORS 471.666 is amended to read:

471.666. (1) The court, upon conviction of the person arrested under ORS 471.660, shall order the alcoholic liquor delivered to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, and shall, subject to the ownership rights of innocent third parties, order a sale at public auction by the sheriff of the county of the property seized. The sheriff, after deducting the expense of keeping the property and the cost of sale, shall pay all the liens, according to their priorities, which are established by intervention or otherwise at such hearing or in other proceedings brought for that purpose, and shall pay the balance of the proceeds into the general fund of the county. No claim of ownership or of any right, title or interest in or to such vehicle that is otherwise valid shall be held invalid unless the state shows to the satisfaction of the court, by clear and convincing evidence, that the claimant had knowledge that the vehicle was used or to be used in violation of law. All liens against property sold under this section shall be transferred from the property to the proceeds of the sale.

(2) If no person claims the vehicle or conveyance, the taking of the same and the description thereof shall be advertised in some daily newspaper published in the city or county where taken, or if no daily newspaper is published in such city or county, in a newspaper having weekly circulation in the city or county, once a week for two weeks and by handbills posted in three public places near the place of seizure, and shall likewise notify by mail the legal owner, in the case of an automobile, if licensed by the State of Oregon, as shown by the name and address in the vehicle registration records of the Department of Transportation. If no claimant appears within 10 days after the last publication of the advertisement, the property shall be sold and the proceeds, after deducting the expenses and costs, shall be paid into the general fund of the county.

SECTION 131. ORS 471.695 is amended to read:

471.695. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may require each applicant for a full or limited on-premises sales license to submit to fingerprinting. If the applicant is a corporation, the fingerprints of each officer, director and major stockholder of the corporation may be required by the commission. Prior to approving any change in officers, directors or major stockholders, the commission may require the fingerprints of the new officials.

(2) The commission shall require that all employees of the commission who work in the licensing or enforcement divisions or who have access to criminal background information be fingerprinted.

(3) Fingerprints acquired under this section may be used for the purpose of requesting state or nationwide criminal records checks under ORS 181A.195.

(4) As used in this section, "major stockholder" means any person who owns, directly or indirectly, more than 10 percent of any class of any equity security of the corporation.

SECTION 132. ORS 471.700 is amended to read:

471.700. In carrying out its duties under ORS 471.315, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall not suspend or cancel a license on grounds of any violation of ORS 167.108 to 167.164 until:

(1) The licensee has been convicted thereof in a court of competent jurisdiction; or

(2) An employee of the licensee has been convicted thereof in a court of competent jurisdiction and the violation occurred on the licensed premises.

SECTION 133. ORS 471.703 is amended to read:

471.703. (1) The police shall notify the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** of the name of the alleged provider of alcoholic liquor when:

(a) The police investigate any motor vehicle accident where someone other than the operator is injured or incurs property damage;

(b) The operator appears to have consumed alcoholic liquor;

(c) A citation is issued against the operator that is related to the consumption of alcoholic liquor or could have been issued if the operator had survived; and

(d) The provider of the alcoholic liquor is alleged to be a licensee or permittee of the commission.

(2) The notice shall include the name and address of the operator involved and the name and address of the person who named the alleged provider, if the person is other than the operator.

(3) Upon receipt of the notice described in subsection (1) of this section, the commission shall cause the licensee or permittee named as the alleged provider to be notified of receipt of the notice and of its content. A copy of the notice shall be retained in the files of the commission and shall be open to inspection by the person injured or damaged by the motor vehicle operator or a representative of the person.

(4) The police shall notify the alleged social host when the circumstances described in subsection (1) of this section occur and the alleged social host is named as the provider of the alcoholic liquor. The notice shall include the information described in subsection (2) of this section.

SECTION 134. ORS 471.705 is amended to read:

471.705. (1) There is created the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, consisting of seven commissioners appointed by the Governor. One commissioner must be from among the residents of each congressional district of this state. One additional commissioner must be from eastern Oregon. One additional commissioner must be from western Oregon. One commissioner must be from the food and alcoholic beverage retail industry. Not more than four commissioners may be of the same political party. The Governor shall designate one commissioner to be chairperson of the commission. The commissioners are entitled to compensation and expenses as provided in ORS 292.495.

(2) Each commissioner at the time of appointment must be a resident of this state and must have resided in this state for at least five years next preceding appointment and qualification. Each commissioner must be an elector in this state and may not be less than 30 years of age. The term of office of a commissioner terminates if the commissioner ceases to possess the residency or industry qualification for appointment. If the term of office of a commissioner terminates under this subsection, the Governor shall appoint a qualified individual to complete the unexpired term of the commissioner.

(3) The term of office of a commissioner is four years from the time of appointment and qualification and until a successor qualifies for appointment. The terms of the commissioners commence April 1. If a commissioner is allowed to hold office after the expiration of a term, the Governor shall appoint the successor for the remainder of the unexpired term. If a vacancy occurs in the commission, the Governor shall appoint the successor for the remainder of the unexpired term. Each commissioner is eligible for reappointment, but an individual is not eligible to serve for more than two full terms.

(4) Appointments of commissioners by the Governor under this section are subject to confirmation by the Senate pursuant to section 4, Article III, Oregon Constitution.

SECTION 135. ORS 471.710 is amended to read:

471.710. (1) The Governor may remove any commissioner for inefficiency, neglect of duty, or misconduct in office, giving to the commissioner a copy of the charges made and an opportunity of being publicly heard in person or by counsel, in the commissioner's own defense, upon not less than 10 days' notice. If such commissioner is removed, the Governor shall file in the office of the Secretary of State a complete statement of all charges made against such commissioner, the findings thereon, and a complete record of the proceedings.

(2) No person, other than the member appointed in accordance with ORS 471.705 who is designated from the food and alcoholic beverage retail industry, is eligible to hold the office of commissioner, or to be employed by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** if:

(a) The person has any financial interest in any business licensed by the commission or in any business which manufactures alcoholic beverages sold in Oregon;

(b) Anyone in the person's household or immediate family has a financial interest described in paragraph (a) of this subsection;

(c) Anyone in the person's household or immediate family is employed by a business licensed by the commission, unless the person is not in a position to take action or make decisions which could affect the licensed business; or

(d) The person or anyone in the person's household or immediate family has a business connection with any business licensed by the commission, unless the person is not in a position to take action or make decisions which could affect the licensed business.

(3)(a) A retail sales agent appointed by the commission, or a person in the household or immediate family of a retail sales agent, may not have any financial interest in or business connection with:

(A) A person or business that is licensed as a distillery;

(B) A person or business that holds a full on-premises sales license; or

(C) A distillery whose products are sold in Oregon.

(b) Paragraph (a) of this subsection does not apply to a distillery retail outlet agent appointed by the commission under ORS 471.230.

(4) Nothing in this section prohibits a person from having a financial interest resulting from investments made by the Public Employees Retirement System or through mutual funds, blind trusts or similar investments where the person does not exercise control over the nature, amount or timing of the investment.

(5) The commission by rule may establish additional restrictions to prohibit potential conflicts of interest. The commission by rule shall define "immediate family" and "business connection" as used in this section.

SECTION 136. ORS 471.715 is amended to read:

471.715. (1) The member from the food and alcoholic beverage retail industry shall not serve as chairperson. The chairperson shall preside at all meetings of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** or, in the chairperson's absence, some other member may serve as chairperson.

(2) The commission shall meet at such times and places within this state as it determines. A majority of the commissioners constitutes a quorum for the transaction of any business, for the performance of any duty or for the exercise of any power of the commission.

SECTION 137. ORS 471.720 is amended to read:

471.720. The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall appoint an administrator who shall serve at its discretion. The administrator shall be subject to policy direction by the commissioners, and shall be the secretary of the commission and custodian of commission records. The administrator shall manage the commission, administer the laws, and appoint, assign and coordinate personnel of the commission within budget limitations and the State Personnel Relations Law.

SECTION 138. ORS 471.725 is amended to read:

471.725. The function, duties and powers of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** include the following:

(1) To buy, have in its possession, bottle, blend, rectify, transport and sell, for present or future delivery, in its own name, alcoholic liquor in the manner set forth in this chapter.

(2) To purchase, acquire, rent, lease or occupy any building, rooms, stores or land and acquire, own, lease and sell equipment and fixtures required for its operations.

(3) To lease or sublet to others property which it acquires or owns and which is not immediately required for its operations. However, no real property shall be purchased without the consent and approval of the Governor.

(4) To borrow money, guarantee the payment thereof and of the interest thereon, by the transfer or pledge of goods or in any other manner required or permitted by law.

(5) To issue, sign, indorse and accept checks, promissory notes, bills of exchange and other negotiable instruments.

(6) In the event the United States Government provides any plan or method whereby the taxes upon alcoholic liquors are collected at the source, to enter into any and all contracts and comply with all regulations, even to the extent of partially or wholly abrogating any statutory provisions which might be in conflict with federal law or regulations, to the end that the commission receives the portion thereof allocated to this state, to be distributed as provided by statute.

(7) To secure and pay for such policies of insurance as may be necessary to adequately protect it from loss by fire, theft or other casualty.

SECTION 139. ORS 471.730 is amended to read:

471.730. The function, duties and powers of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** include the following:

(1) To control the manufacture, possession, sale, purchase, transportation, importation and delivery of alcoholic liquor in accordance with the provisions of this chapter and ORS 474.105 and 474.115.

(2) To grant, refuse, suspend or cancel licenses and permits for the sale or manufacture of alcoholic liquor, or other licenses and permits in regard thereto, and to permit, in its discretion, the transfer of a license of any person.

(3) To collect the taxes and duties imposed by statutes relating to alcoholic liquors, and to issue, and provide for cancellation, stamps and other devices as evidence of payment of such taxes or duties.

(4) To investigate and aid in the prosecution of every violation of statutes relating to alcoholic liquors, to seize alcoholic liquor manufactured, sold, kept, imported or transported in contravention of this chapter and ORS 474.105 and 474.115, and apply for the confiscation thereof, whenever required by statute, and cooperate in the prosecution of offenders before any court of competent jurisdiction.

(5) To adopt such regulations as are necessary and feasible for carrying out the provisions of this chapter and ORS 474.105 and 474.115 and to amend or repeal such regulations. When such regulations are adopted they shall have the full force and effect of law.

(6) To exercise all powers incidental, convenient or necessary to enable it to administer or carry out any of the provisions of this chapter and ORS 474.105 and 474.115.

(7) To control, regulate and prohibit any advertising by manufacturers, wholesalers or retailers of alcoholic liquor by the medium of newspapers, letters, billboards, radio or otherwise.

(8) To sell, license, regulate and control the use of alcohol for scientific, pharmaceutical, manufacturing, mechanical, industrial and other purposes, and to provide by regulation for the sale thereof for such uses.

SECTION 140. ORS 471.732 is amended to read:

471.732. (1) The Legislative Assembly finds and declares that the regulation of health and sanitation matters in premises licensed by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** under this chapter can best be performed by the Oregon Health Authority and the State Department of Agriculture.

(2) It is the policy of the Legislative Assembly and the intent of ORS 471.333 and 624.010 and this section that premises licensed by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** under this chapter shall be subject to the laws governing health and sanitation matters, including any applicable licensing requirements, and to the rules adopted thereunder by the authority and the department.

SECTION 141. ORS 471.735 is amended to read:

471.735. The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall have the power to investigate by sample or chemical analysis, the quality of all wines manufactured, imported, sold or offered for sale within this state, and to seize, confiscate and destroy all wines sold or offered for sale within this state which do not conform in all respects to the minimum standards provided for by the laws of this state.

SECTION 142. ORS 471.737 is amended to read:

471.737. (1) As used in this section:

(a) "Stock keeping unit" means a product that is assigned a specific identification code, which states the type, size, brand or other inventory tracking information for the product.

(b) "Vermouth" means fortified wine that is flavored with botanicals.

(2) Notwithstanding ORS 471.230, a distillery retail outlet agent appointed under ORS 471.230 or a store established under ORS 471.750 may sell vermouth at retail for off-premises consumption as provided under this section without holding an off-premises sales license. Vermouth sold under this section must be in factory-sealed containers. A distillery retail outlet agent or store may not offer more than 20 stock keeping units of vermouth for sale under this section.

(3) A distillery retail outlet agent may sell vermouth under this section at the licensed premises of the distillery or at a location described in ORS 471.230 (2) where the agent offers tastings.

(4) Except as provided in this section, vermouth sales under this section are subject to the restrictions and requirements imposed under this chapter and [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** rules for retail sales of wine by an off-premises sales licensee.

SECTION 143. ORS 471.740 is amended to read:

471.740. Except as provided in this chapter, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** is vested with the exclusive right to purchase, sell, have in possession for sale, import or transport alcoholic beverages.

SECTION 144. ORS 471.745 is amended to read:

471.745. The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall fix the prices at which alcoholic liquors containing over five percent alcohol by volume may be purchased from it, and has power to bottle, blend, rectify, manufacture or sell alcoholic liquors for itself, or for or to any person or commission within or without this state.

SECTION 145. ORS 471.747 is amended to read:

471.747. (1) As used in this section, "granulated alcohol" means powders, crystals or other dry preparations designed to produce an alcoholic beverage when added to a liquid.

(2) Granulated alcohol may not be sold at retail in this state. Granulated alcohol may be sold at wholesale only for scientific, industrial, manufacturing or other purposes identified by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** under terms and conditions the commission considers appropriate to safeguard against the misuse of granulated alcohol.

SECTION 146. ORS 471.750 is amended to read:

471.750. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall establish such stores and warehouses in such places in the state as in its judgment are required by public convenience or necessity, for the sale of spirituous liquors, wines and other alcoholic liquors containing over five percent alcohol by volume, in sealed containers for consumption off the premises. The commission shall keep on hand in such stores or warehouses such quantities and kinds of alcoholic liquors as are reasonably required to supply the public demand.

(2) Any person qualified to purchase such liquors from the commission has the right to present to the commission, or at any of its stores, an application for any kind or brand of alcoholic liquor that the person may desire and that may be manufactured or obtainable in any place in the United States, and the commission shall obtain such liquor and sell it to the applicant. The commission may not require that an application for a kind or brand of alcoholic liquor include a commitment to purchase a minimum amount of the liquor or require that a purchase be for more than one container of a kind or brand of alcoholic liquor if the liquor:

(a) Except as provided in subsection (5) of this section, has a retail sales price of \$30 or more per container;

(b) Is available through a distributor in the United States that does not require the commission to acquire more than one case of the distilled liquor in a single transaction;

(c) Is not regularly stocked by the commission; and

(d) Is ordered in a 750 milliliter container size if available in that size.

(3) The commission may not establish a store in any county or incorporated city of this state where a local prohibitory law is in effect. The commission shall adopt rules governing advertising by stores operated by the commission. The commission may appoint agents in the sale of said liquor under such agreement as the commission may negotiate with said agents or their representative.

(4) Rules relating to advertising adopted by the commission under subsection (3) of this section shall allow signs and displays within its stores for the purpose of supplying consumer information to customers, including but not limited to discounts, sales and other specials. Commission discretion with respect to those signs and displays shall be limited to regulation of the content, size, number per brand, type and duration of the sign or display. Signs and displays may be supplied by manufacturers, wholesalers or distributors, and may bear the name of a particular distillery, supplier or brand of liquor. The use of signs and displays shall be optional with the agent appointed by the commission. Signs or displays authorized by the commission may not be placed in positions within the store where the sign or display would be readily visible from outside of the store.

(5) The commission may annually adjust the price threshold established in subsection (2)(a) of this section by a percentage equal to the percentage change in the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor. However, the commission may not adjust the price threshold to be less than \$30.

SECTION 147. ORS 471.752 is amended to read:

471.752. (1) An agent appointed under ORS 471.750 may participate in a health benefit plan available to state employees pursuant to ORS 243.105 to 243.285 at the expense of the agent and may participate in the state deferred compensation plan established under ORS 243.401 to 243.507. For such purposes, agents shall be considered eligible state employees.

(2) A person who is the surviving spouse or child of a deceased agent or the spouse or child of an agent of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** who has a disability shall be given preference in the appointment of a successor agent, if otherwise qualified, the spouse having greater preference. The experience of such applicant in the business operation of the deceased agent or the agent who has a disability shall be the primary consideration in determining the qualifications of the applicant.

SECTION 148. ORS 471.754 is amended to read:

471.754. The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall develop recycling education materials for distribution through stores established by the commission under ORS 471.750 that encourage the patrons of the store to recycle bottles sold through the stores.

SECTION 149. ORS 471.757 is amended to read:

471.757. (1) At such times as the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may prescribe and upon forms furnished by the commission, any license applicant or licensee of the commission may be required to submit a sworn statement to the commission showing the name, address and the nature and extent of the financial interest of each person, individual and corporate, having a financial interest in the business operated under the license.

(2) The commission shall review the statement and may refuse to issue a license to any license applicant, or may suspend, cancel or refuse to renew the license of any licensee, when conditions exist in relation to any person having a financial interest in the business or in the place of business which would constitute grounds for refusing to issue a license or for cancellation or suspension of a license if such person were the license applicant or licensee. However, in cases where the financial interest is held by a corporation, only the officers and directors of the corporation, any indi-

vidual or combination of individuals who own a controlling financial interest in the business and any manager of the business shall be considered persons having a financial interest within the meaning of this subsection.

SECTION 150. ORS 471.760 is amended to read:

471.760. Each member of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, or any of its authorized agents, shall, for the purposes contemplated by this chapter and ORS 474.105 and 474.115, have power to issue subpoenas, compel the attendance of witnesses, administer oaths, certify to official acts, take depositions within or without this state, as provided by law, and compel the production of pertinent books, payrolls, accounts, papers, records, documents and testimony.

SECTION 151. ORS 471.765 is amended to read:

471.765. If a person in attendance before the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** or a commissioner refuses, without reasonable cause, to be examined or to answer a legal and pertinent question, or to produce a book or paper when ordered so to do by the commission, the commission may apply to the judge of the circuit court of any county where such person is in attendance, upon proof by affidavit of the fact, for a rule or order returnable in not less than two nor more than five days, directing such person to show cause before the judge who made the order, or any other judge of such county, why the person should not be punished for contempt. Upon the return of such order, the judge shall examine such person under oath and the person shall be given an opportunity to be heard. If the judge determines that such person has refused, without reasonable cause or legal excuse, to be examined or to answer a legal or pertinent question, or to produce a book or paper which the person was ordered to bring or produce, the judge may forthwith punish the offender for contempt of court.

SECTION 152. ORS 471.770 is amended to read:

471.770. No person shall be excused from testifying or from producing any books, papers or documents in any investigation or inquiry by or upon any hearing before the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** or any commissioner when ordered so to do by the commission or any of its authorized agents, upon the ground that the testimony, evidence, books, papers or documents required of the person may tend to incriminate the person or subject the person to penalty or forfeiture. No person shall be prosecuted, punished or subjected to any penalty or forfeiture for or on account of any act, transaction, matter or thing concerning which the person shall, under oath, have, by order of the commission, or a commissioner, or any of its authorized agents, testified to or produced documentary evidence of; but no person so testifying shall be exempt from prosecution or punishment for any perjury committed by the person in testimony.

SECTION 153. ORS 471.775, as amended by section 15, chapter 3, Oregon Laws 2020 (second special session), is amended to read:

471.775. (1) The provisions of ORS 183.440 shall apply to subpoenas issued by each member of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** or any of its authorized agents.

(2) Subject to subsection (3) of this section, regulatory specialists have authority as provided under this chapter, ORS chapter 153, ORS 133.005 to 133.400, 133.450, 133.525 to 133.703, 133.721 to 133.739 and 161.245 and chapter 743, Oregon Laws 1971, and sections 7 and 8, chapter 3, Oregon Laws 2020 (second special session), to conduct inspections or investigations, make arrests and seizures, aid in prosecutions for offenses, issue criminal citations and citations for violations and otherwise enforce this chapter, ORS 474.005 to 474.095 and 474.115, commission rules and any other laws of this state that the commission considers related to alcoholic liquor, including but not limited to:

- (a) Laws regarding the production, processing, manufacture, importation, transportation, possession, distribution, sale or consumption of alcoholic beverages;
 - (b) The manufacture or use of false identification; or
 - (c) The entry of premises licensed to sell alcoholic liquor.
- (3) A regulatory specialist may not:

(a) Be sworn in as a federal law enforcement official and act in that capacity while performing duties under subsection (2) of this section; or

(b) Carry a firearm.

SECTION 154. ORS 471.790 is amended to read:

471.790. No member of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may be sued for doing or omitting to do any act in the performance of duties as prescribed in the Liquor Control Act. No member of the commission personally shall be liable for any loss caused by the default or failure of the depository of funds of the commission. All funds of the commission deposited in any bank or trust company are entitled to priority of payment as public funds of the state, if the commission funds are only kept in depositories designated by the State Treasurer and under security of the same character required by law for depositories of state funds.

SECTION 155. ORS 471.795 is amended to read:

471.795. No provision of the Liquor Control Act prevents any member or employee of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** from purchasing and keeping in possession, for the personal use of self or members of the family of the member or employee, any alcoholic liquor in the same manner as it may be purchased or kept by any other person under that statute.

SECTION 156. ORS 471.800 is amended to read:

471.800. If by the laws of another state or by the rules and regulations of any administrative body or authorized agency thereof or therein, market restrictions are imposed that prevent or tend to prevent the sale of wine manufactured in Oregon in free and unrestricted competition with like kinds of wine manufactured in such other state, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** is authorized and directed to impose similar restrictions in Oregon upon such wine manufactured in such other state and offered for sale in Oregon.

SECTION 157. ORS 471.802 is amended to read:

471.802. (1) As used in this section, "American viticultural area" means a delimited grape growing region approved under 27 C.F.R. part 9.

(2) If the appellation of origin on a wine label is an American viticultural area that is wholly or partially within the boundaries of a larger American viticultural area, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may require that the wine label also identify the larger American viticultural area. If the commission requires that the wine label identify the larger American viticultural area, the area must be identified in letters:

(a) At least two millimeters high if the wine container is more than 187 milliliters in volume; or

(b) At least one millimeter high if the wine container is 187 milliliters or less in volume.

(3) Subsection (2) of this section does not require that the name of the larger American viticultural area:

(a) Be included in or near the appellation of origin; or

(b) Be in the same size or font as the appellation of origin.

(4) The commission shall adopt rules specifying any American viticultural areas for which the wine labeling requirement in subsection (2) of this section is applicable. The commission shall, at a minimum, adopt rules to require American viticultural areas that are wholly or partially within the boundaries of the Willamette Valley viticultural area to identify the Willamette Valley viticultural area on the label. For all other areas, the commission shall solicit and consider recommendations by Oregon winemaking industry associations that are associated with an American viticultural area before determining whether the area should be included for purposes of the wine labeling requirement in subsection (2) of this section.

(5) Except as provided in this subsection, an American viticultural area may not appear on a wine label in a manner that resembles all or part of a brand name or appear in lettering that is larger or more prominent than the brand name. This subsection does not apply if the brand name stating or implying an American viticultural area has been in continuous use as a brand name since December 31, 2017, and prior to December 31, 2017, was:

- (a) Used in conformance with commission standards;
- (b) Subject to a federal trademark registration for wine under United States Patent and Trade-mark Office Class 33; and
- (c) Sold in interstate commerce.
- (6) The commission may adopt rules to impose additional wine labeling requirements that the commission deems appropriate. The commission may make a wine labeling requirement applicable to wines produced in some or all of the American viticultural areas in this state.

SECTION 158. ORS 471.805 is amended to read:

471.805. (1) Except as otherwise provided in subsection (3) of this section and ORS 471.810 (2), all money collected by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** under this chapter and ORS chapter 473 and privilege taxes shall be remitted to the State Treasurer who shall credit it to a suspense account of the commission. Whenever the commission determines that moneys have been received by it in excess of the amount legally due and payable to the commission or that it has received money to which it has no legal interest, or that any license fee or deposit is properly refundable, the commission is authorized and directed to refund such money by check drawn upon the State Treasurer and charged to the suspense account of the commission. After withholding refundable license fees and such sum, not to exceed \$250,000, as it considers necessary as a revolving fund for a working cash balance for the purpose of paying travel expenses, advances, other miscellaneous bills and extraordinary items which are payable in cash immediately upon presentation, the commission shall direct the State Treasurer to transfer the money remaining in the suspense account to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** Account in the General Fund. Moneys in the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** Account are continuously appropriated to the commission to be distributed and used as required or allowed by law.

(2) All necessary expenditures of the commission incurred in carrying out the purposes required of the commission by law, including the salaries of its employees, purchases made by the commission and such sums necessary to reimburse the \$250,000 revolving fund, shall be audited and paid from the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** Account in the General Fund, upon warrants drawn by the Oregon Department of Administrative Services, pursuant to claims duly approved by the commission.

(3) Moneys from the retail sale of distilled liquor that are being held by an agent appointed under ORS 471.750 or by a distillery retail outlet agent appointed under ORS 471.230 are not subject to ORS 295.001 to 295.108 if the agent has on deposit with the commission an amount equaling or exceeding an amount the commission, in its discretion, deems to be reasonable and sufficient and to be not less than the average daily gross receipts from retail sales of distilled liquor by the agent. The commission shall remit moneys deposited with the commission under this subsection to the State Treasurer for deposit to a separate reserve account of the commission. Moneys in the reserve account are not revenue of the commission for purposes of ORS 221.770. The commission shall return the deposit, and any interest earned on the deposit, if the appointment of the agent terminates and the agent has forwarded to the commission all moneys owed the commission from retail sales of distilled liquor by the agent.

SECTION 159. ORS 471.810 is amended to read:

471.810. (1) At the end of each month, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall certify the amount of moneys available for distribution in the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** Account and, after withholding such moneys as it may deem necessary to pay its outstanding obligations, shall within 35 days of the month for which a distribution is made direct the State Treasurer to pay the amounts due, upon warrants drawn by the Oregon Department of Administrative Services, as follows:

- (a) Fifty-six percent, or the amount remaining after the distribution under subsection (4) of this section, credited to the General Fund available for general governmental purposes wherein it shall be considered as revenue during the quarter immediately preceding receipt;

(b) Twenty percent to the cities of the state in such shares as the population of each city bears to the population of the cities of the state, as determined by Portland State University last preceding such apportionment, under ORS 190.510 to 190.610;

(c) Ten percent to counties in such shares as their respective populations bear to the total population of the state, as estimated from time to time by Portland State University; and

(d) Fourteen percent to the cities of the state to be distributed as provided in ORS 221.770 and this section.

(2) The commission shall direct the Oregon Department of Administrative Services to transfer 50 percent of the revenues from the taxes imposed by ORS 473.030 and 473.035 to the Mental Health Alcoholism and Drug Services Account in the General Fund to be paid monthly as provided in ORS 430.380.

(3) If the amount of revenues received from the taxes imposed by ORS 473.030 for the preceding month was reduced as a result of credits claimed under ORS 473.047, the commission shall compute the difference between the amounts paid or transferred as described in subsections (1)(b), (c) and (d) and (2) of this section and the amounts that would have been paid or transferred under subsections (1)(b), (c) and (d) and (2) of this section if no credits had been claimed. The commission shall direct the Oregon Department of Administrative Services to pay or transfer amounts equal to the differences computed for subsections (1)(b), (c) and (d) and (2) of this section from the General Fund to the recipients or accounts described in subsections (1)(b), (c) and (d) and (2) of this section.

(4) Notwithstanding subsection (1) of this section, no city or county shall receive for any fiscal year an amount less than the amount distributed to the city or county in accordance with ORS 471.350 (1965 Replacement Part), 471.810, 473.190 and 473.210 (1965 Replacement Part) during the 1966-1967 fiscal year unless the city or county had a decline in population as shown by its census. If the population declined, the per capita distribution to the city or county shall be not less than the total per capita distribution during the 1966-1967 fiscal year. Any additional funds required to maintain the level of distribution under this subsection shall be paid from funds credited under subsection (1)(a) of this section.

(5) Notwithstanding subsection (1) of this section, amounts to be distributed from the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** Account that are attributable to a per bottle surcharge imposed by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, shall be credited to the General Fund.

SECTION 160. ORS 471.817 is amended to read:

471.817. Each nonprofit organization formed by licensees to provide alternative transportation for patrons of the licensees shall report annually to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**. The commission may acknowledge receipt of the notice and shall keep a list of such organizations that have given notice. The commission shall provide information to the Department of Revenue on request for purposes of sections 2 and 4, chapter 700, Oregon Laws 1985.

SECTION 161. ORS 473.020 is amended to read:

473.020. The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall administer this chapter, and shall prescribe forms and make such rules and regulations as it deems necessary to enforce its provisions.

SECTION 162. ORS 473.030 is amended to read:

473.030. (1) A tax is imposed upon the privilege of engaging in business as a manufacturer or as an importing distributor of malt beverages at the rate of \$2.60 per barrel of 31 gallons on all such beverages.

(2) A tax is imposed upon the privilege of engaging in business as a manufacturer or as an importing distributor of wines at the rate of 65 cents per gallon on all such beverages.

(3) In addition to the tax imposed by subsection (2) of this section, a manufacturer or an importing distributor of wines containing more than 14 percent alcohol by volume shall be taxed at the rate of 10 cents per gallon.

(4) In addition to the taxes imposed by subsections (2) and (3) of this section, a manufacturer or an importing distributor of wines shall be taxed at the rate of two cents per gallon. Notwithstanding any other provision of law, all moneys collected by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** pursuant to this subsection shall be paid into the account established by the Oregon Wine Board under ORS 182.470.

(5) The rates of tax imposed by this section upon malt beverages apply proportionately to quantities in containers of less capacity than those quantities specified in this section.

(6) The taxes imposed by this section shall be measured by the volume of wine or malt beverages produced, purchased or received by any manufacturer. If the wine or malt beverage remains unsold and in the possession of the producer at the plant where it was produced, no tax imposed or levied by this section is required to be paid until the wine or malt beverage has become sufficiently aged for marketing at retail, but this subsection shall not be construed so as to alter or affect any provision of this chapter relating to tax liens or the filing of statements.

SECTION 163. ORS 473.045 is amended to read:

473.045. (1) A tax is hereby imposed upon the sale or use of all agricultural products used in a winery for making wine.

(2) The amount of the tax shall be \$25 per ton of grapes of the vinifera varieties, whether true or hybrid.

(3) An equivalent tax is imposed upon the sale or use of vinifera or hybrid grape products imported for use in a winery licensed under ORS chapter 471 for making wine. Such tax shall be \$25 per ton of grapes used to produce the imported grape product. The tax shall be determined on the basis of one ton of grapes for each 150 gallons of wine made from such vinifera or hybrid grape products.

(4) A tax on the sale or use of products that are not subject to subsection (2) or (3) of this section that are used to make wine in this state shall be imposed at a rate of \$.021 per gallon of wine made from those products.

(5) In the case of vinifera or hybrid grape products harvested in this state, \$12.50 of such tax shall be levied and assessed against the person selling or providing such grape products to the winery. If the purchasing winery is licensed under ORS chapter 471, that winery shall deduct the tax levied under this subsection from the price paid to the seller. If the purchasing winery is not licensed under ORS chapter 471, the seller shall report all sales on forms provided by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** and pay \$12.50 per ton as a tax directly to the commission.

(6) Taxes paid by sellers under subsection (5) of this section shall be collected by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** on behalf of the Oregon Wine Board. The commission may retain an amount sufficient to cover the cost of collecting the taxes paid under subsection (5) of this section and shall transfer the remainder of those taxes to the board for deposit as provided in ORS 576.877. Failure to pay a tax imposed under subsection (5) of this section subjects the violator to the penalty provided in ORS 473.992.

(7) Except for the tax specified in subsection (4) of this section the taxes specified under this section shall be levied and assessed to the licensed winery at the time of purchase of the product by the winery or of importation of the product, whichever is later. The tax specified in subsection (4) of this section shall be levied and assessed to the licensed winery at the time the wine is made.

(8) The taxes imposed by this section shall be paid by the licensed winery and collected by the commission subject to the same powers as taxes imposed and collected under ORS chapter 473. The tax obligation for a calendar year shall be paid in two installments. Half shall be due on December 31 of the current calendar year. The remaining half shall be due the following June 30.

SECTION 164. ORS 473.045, as amended by section 1, chapter 542, Oregon Laws 2019, is amended to read:

473.045. (1) A tax is hereby imposed upon the sale or use of all agricultural products used in a winery for making wine.

(2) The amount of the tax shall be \$25 per ton of grapes of the vinifera varieties, whether true or hybrid.

(3) An equivalent tax is imposed upon the sale or use of vinifera or hybrid grape products imported for use in a winery licensed under ORS chapter 471 for making wine. Such tax shall be \$25 per ton of grapes used to produce the imported grape product. The tax shall be determined on the basis of one ton of grapes for each 150 gallons of wine made from such vinifera or hybrid grape products.

(4) A tax on the sale or use of products that are not subject to subsection (2) or (3) of this section that are used to make wine in this state shall be imposed at a rate of \$.021 per gallon of wine made from those products.

(5)(a) In the case of vinifera or hybrid grape products harvested in this state, \$12.50 per ton of the tax shall be levied and assessed against the person selling or providing the grape products to the winery and, except as provided in ORS 473.046, \$12.50 per ton shall be levied and assessed against the winery purchasing the grape products.

(b) If the purchasing winery is licensed under ORS chapter 471 or holds a wine self-distribution permit, direct shipper permit or certificate of approval, the purchasing winery shall pay the \$25 per ton tax and deduct \$12.50 per ton from the price paid to the person selling or providing the grape products to the winery.

(c) If the purchasing winery is not licensed under ORS chapter 471 and does not hold a wine self-distribution permit, direct shipper permit or certificate of approval, the person selling or providing the grape products to the winery shall report the sale on forms provided by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** and pay \$12.50 per ton as a tax directly to the commission.

(6) Moneys that a winery deducts for taxes described in subsection (5) of this section and forwards to the commission shall be collected by the commission on behalf of the Oregon Wine Board. The commission may retain an amount sufficient to cover the cost of collecting the taxes paid under subsection (5) of this section and shall transfer the remainder of those taxes to the board for deposit as provided in ORS 576.877. Failure to pay a tax imposed under subsection (5) of this section subjects the violator to the penalty provided in ORS 473.992.

(7) If a winery deducts and pays the tax imposed on an item under this section, resale of the item in bulk to an out-of-state buyer does not subject the out-of-state buyer to the imposition of tax under this section.

(8) Except for the tax specified in subsection (4) of this section the taxes specified under this section shall be levied and assessed to the winery at the time of purchase of the product by the winery or of importation of the product, whichever is later. The tax specified in subsection (4) of this section shall be levied and assessed to the licensed winery at the time the wine is made.

(9) The taxes imposed by this section shall be paid to and collected by the commission subject to the same powers as taxes imposed and collected under ORS chapter 473. The tax obligation for a calendar year shall be paid in two installments. Half shall be due on December 31 of the current calendar year. The remaining half shall be due the following June 30.

(10) The commission may adopt rules for carrying out this section.

SECTION 165. ORS 473.047 is amended to read:

473.047. (1) As used in this section, "qualified marketing activity" means marketing activity:

(a) That promotes the sale of wine or wine products;

(b) That does not promote specific brands of wine or wine products or exclusively promote the products of any particular winery; and

(c) That has been approved by the Oregon Wine Board.

(2) A credit against the privilege tax otherwise due under ORS 473.030 (2) is allowed to a manufacturer or importing distributor of wine for the qualified marketing activity expenditures made by the manufacturer or importing distributor in the calendar year prior to the year for which the credit is claimed.

(3) The credit allowed under this section shall be 28 percent of the sum of the following:

(a) One hundred percent of the cost of qualified marketing activity to the extent that the cost of the activity does not exceed the amount of taxes the manufacturer or importing distributor of wine owed under ORS 473.030 (2) on the first 40,000 gallons, or 151,000 liters, of wine sold annually in Oregon; and

(b) Twenty-five percent of the tax owed under ORS 473.030 (2) for qualified marketing activity on wine sales above 40,000 gallons, or 151,000 liters, of wine sold annually in Oregon.

(4) The credit allowed under this section may not exceed the tax liability of the manufacturer or importing distributor of wine under ORS 473.030 (2) for the calendar year following the year in which qualified marketing activity occurred.

(5) A manufacturer or importing distributor of wine that wishes to claim the credit allowed under this section shall submit with the manufacturer's or importing distributor's tax return form a certificate issued by the board verifying that the marketing activity was a qualified marketing activity. The credit shall be claimed on the form and include the information required by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** by rule.

(6) The credit shall be claimed against the taxes reported on the return filed under ORS 473.060 for each month in the calendar year following the year in which the qualified marketing activity occurred, until the credit is completely used or the year ends, whichever occurs first.

(7) The board shall by rule further define, consistent with the definition in subsection (1) of this section, the marketing activities that constitute qualified marketing activity.

SECTION 166. ORS 473.050 is amended to read:

473.050. In computing any privilege tax imposed by ORS 473.030 or 473.035:

(1) No malt beverage, cider or wine is subject to tax more than once.

(2) No tax shall be levied, collected or imposed upon any malt beverage, cider or wine sold to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** or exported from the state.

(3) No tax shall be levied, collected or imposed upon any malt beverage given away and consumed on the licensed premises of a brewery licensee, or sold to or by a voluntary nonincorporated organization of army, air corps or navy personnel operating a place for the sale of goods pursuant to regulations promulgated by the proper authority of each such service.

(4) No tax shall be levied, collected or imposed upon any malt beverage, cider or wine determined by the commission to be unfit for human consumption or unsalable.

(5) No tax shall be levied, collected or imposed upon the first 40,000 gallons, or 151,000 liters, of wine sold annually in Oregon from a United States manufacturer of wines producing less than 100,000 gallons, or 379,000 liters, annually.

SECTION 167. ORS 473.060 is amended to read:

473.060. (1) The privilege taxes imposed by ORS 473.030 and 473.035 shall be paid to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**. The taxes covering the periods for which statements are required to be rendered by ORS 473.070 shall be paid before the time for filing such statements expires or, as concerns wines, on or before the 20th day of the month after such wines have been withdrawn from federal bond. If not so paid, a penalty of 10 percent and interest at the rate of one percent a month or fraction of a month shall be added and collected. The commission may refund any tax payment imposed upon or paid in error by any licensee, and may waive the collection or refund the payment of any tax imposed and collected on wine, cider or malt beverages subsequently exported from this state, sold to a federal instrumentality or to the commission, or determined by the commission to be unfit for human consumption or unsalable.

(2) The commission may waive any interest or penalty assessed to a manufacturer subject to the tax imposed under ORS 473.030 or 473.035 if the commission, in its discretion, determines that the manufacturer has made a good faith attempt to comply with the requirements of this chapter.

(3) Except in the case of fraud, the commission may not assess any interest or penalty on any tax due under ORS 473.030 or 473.035 following the expiration of 36 months from the date on which was filed the statement required under ORS 473.070 reporting the quantity of wine, cider or malt beverages upon which the tax is due.

(4) A manufacturer may appeal a tax imposed under ORS 473.030 or 473.035 in the manner of a contested case under ORS chapter 183.

SECTION 168. ORS 473.065 is amended to read:

473.065. (1) If a manufacturer's total tax liability under ORS 473.030 (1) in the previous calendar year was less than \$1,000, the manufacturer may deposit with the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** an amount in cash equal to the manufacturer's total tax liability under ORS 473.030 (1) for the previous calendar year in lieu of the bond required by ORS 471.155 (1).

(2) If a manufacturer's actual tax liability under ORS 473.030 (1) is less than the amount deposited under subsection (1) of this section, the manufacturer may request that the commission refund the excess funds or may apply those funds toward the manufacturer's tax liability under ORS 473.030 (1) for the next calendar year.

(3) If a manufacturer's actual tax liability under ORS 473.030 (1) is greater than the amount deposited under subsection (1) of this section, the manufacturer shall pay to the commission the additional amount owed in the manner required under ORS 473.060.

(4) Unless the commission determines that a winery, grower sales privilege or warehouse licensee or direct shipper or wine self-distribution permit holder presents an unusual risk for non-payment of any license fees, privilege taxes, agricultural products taxes or other tax, penalty or interest imposed under this chapter or ORS chapter 471, the commission shall waive the bond required under ORS 471.155 (1) for the licensee or permit holder if:

(a) The licensee or permit holder was not liable for a privilege tax under this chapter in the immediately preceding calendar year and does not expect to be liable for a privilege tax under this chapter in the current calendar year; or

(b) The licensee or permit holder of a business established during the current calendar year does not expect to be liable for a privilege tax under this chapter in the current calendar year. As used in this paragraph, "business" means:

(A) A winery.

(B) A business operated pursuant to a license issued under ORS 471.227.

(C) A warehouse.

(D) A business operated pursuant to a permit issued under ORS 471.274.

(E) A business operated pursuant to a permit issued under ORS 471.282.

SECTION 169. ORS 473.070 is amended to read:

473.070. (1) On or before the 20th day of each month, every manufacturer shall file with the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** a statement of the quantity of wine, cider and malt beverages produced, purchased or received by the manufacturer during the preceding calendar month.

(2) Notwithstanding subsection (1) of this section, a manufacturer of wine that was not liable for a privilege tax under this chapter in the prior calendar year and that does not expect to be liable for a privilege tax under this chapter in the current calendar year, or a manufacturer of wine that is newly established during the current calendar year and that does not expect to be liable for a privilege tax under this chapter in the current calendar year, may file a single annual statement of the quantity of wine produced, purchased or received by the manufacturer during the current calendar year. The annual statement shall be filed with the commission on or before January 20 of the following year.

(3) The commission shall by rule establish procedures that allow manufacturers or importing distributors to use electronic means to:

(a) File statements required under this section; and

(b) Pay privilege taxes imposed by ORS 473.030 and 473.035.

SECTION 170. ORS 473.080 is amended to read:

473.080. If any manufacturer fails, neglects or refuses to file a statement required by ORS 473.070 or files a false statement, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall estimate the amount of wine, cider and malt beverages produced, pur-

chased or received by the manufacturer and assess the privilege tax thereon. The manufacturer shall be estopped from complaining of the amount so estimated.

SECTION 171. ORS 473.100 is amended to read:

473.100. (1) Whenever any manufacturer is delinquent in the payment of the privilege tax provided for in ORS 473.030 and 473.035, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** or its duly authorized representative shall seize any property subject to the tax and sell, at public auction, property so seized, or a sufficient portion thereof to pay the privilege tax due, together with any penalties imposed under ORS 473.060 for such delinquency and all costs incurred on account of the seizure and sale.

(2) Written notice of the intended sale and the time and place thereof, shall be given to such delinquent manufacturer and to all persons appearing of record to have an interest in the property, at least 10 days before the date set for the sale. The notice shall be enclosed in an envelope addressed to the manufacturer at the last-known residence or place of business of the manufacturer in this state, if any; and in the case of any person appearing of record to have an interest in such property, addressed to such person at the last-known place of residence of the person, if any. The envelope shall be deposited in the United States mail, postage prepaid. In addition, notice shall be published for at least 10 days before the date set for such sale, in a newspaper of general circulation published in the county in which the property seized is to be sold. If there is no newspaper of general circulation in such county, the notice shall be posted in three public places in such county for the 10-day period. The notice shall contain a description of the property to be sold, a statement of the amount of the privilege taxes, penalties and costs, the name of the manufacturer and the further statement that, unless the privilege taxes, penalties and costs are paid on or before the time fixed in the notice for the sale, the property, or so much thereof as may be necessary, will be sold in accordance with law and the notice.

SECTION 172. ORS 473.110 is amended to read:

473.110. At the sale, the property shall be sold by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** or by its duly authorized agent in accordance with law and the notice. The commission shall deliver to the purchaser a bill of sale for the personal property, and a deed for any real property so sold. The bill of sale or deed vests title in the purchaser. The unsold portion of any property seized under ORS 473.100 may be left at the place of sale at the risk of the manufacturer. If upon any such sale, the money received exceeds the amount of all privilege taxes, penalties and costs due the state from the manufacturer, the excess shall be returned to the manufacturer, and a receipt therefor obtained. However, if any person having an interest in or lien upon the property has filed with the commission, prior to the sale, notice of interest or lien, the commission shall withhold any such excess pending a determination of the rights of the respective parties thereto by a court of competent jurisdiction. If the receipt of the manufacturer is not available, the commission shall deposit such excess money with the State Treasurer, as trustee for the owner, subject to the order of the manufacturer, the heirs, successors or assigns of the manufacturer.

SECTION 173. ORS 473.120 is amended to read:

473.120. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall immediately transmit notice of the delinquency mentioned in ORS 473.100 to the Attorney General. The Attorney General shall at once proceed to collect all sums due to the state from the manufacturer under this chapter by bringing suit against the necessary parties to effect forfeiture of the bonds of the manufacturer, reducing any deficiency to judgment against the manufacturer.

(2) The remedies of the state provided in ORS 473.090 to 473.120 are cumulative and no action taken by the commission or Attorney General constitutes an election on the part of the state or any of its officers to pursue one remedy to the exclusion of any other remedy provided in this chapter.

SECTION 174. ORS 473.130 is amended to read:

473.130. In any suit brought to enforce the rights of the state, the assessment made by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** under ORS

473.080, or a copy of so much thereof as is applicable in such suit, duly certified by the commission and showing unpaid privilege taxes assessed against any manufacturer, is prima facie evidence:

- (1) Of the assessment of the privilege tax and the delinquency thereof.
- (2) Of the amount of the privilege tax, interest, penalties and costs due and unpaid to the state.
- (3) That the manufacturer is indebted to this state in the amount of such privilege tax, interest and penalties therein appearing unpaid.
- (4) That the law relating to assessment and levy of such privilege tax has been fully complied with by all persons required to perform administrative duties under this chapter.

SECTION 175. ORS 473.140 is amended to read:

473.140. Every manufacturer shall keep a complete and accurate record of all sales of wine, cider and malt beverages, a complete and accurate record of the number of gallons imported, produced, purchased, manufactured, brewed or fermented, and the date of importation, production, purchase, manufacturing, brewing or fermentation. The records shall be in such form and contain such other information as the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may prescribe. The commission, by rule or regulation, may require the delivery of statements by distributors to purchasers, with wine, cider and malt beverages, and prescribe the matters to be contained therein. Such records and statements shall be preserved by the distributor and the purchaser respectively, for a period of two years, and shall be offered for inspection at any time upon oral or written demand by the commission or its duly authorized agents.

SECTION 176. ORS 473.150 is amended to read:

473.150. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may, at any time, examine the books and records of a holder of a wine self-distribution permit or of any manufacturer of wine, cider or malt beverages, and may appoint auditors, investigators and other employees that the commission considers necessary to enforce its powers and perform its duties under this section.

(2) Every holder of a wine self-distribution permit and every manufacturer shall maintain and keep for two years all records, books and accounts required by this chapter and shall provide copies of those records, books and accounts to the commission when requested by the commission.

SECTION 177. ORS 473.160 is amended to read:

473.160. Every person transporting wine, cider or malt beverages within this state, whether such transportation originates within or without this state, shall keep a true and accurate record of wine, cider or malt beverages transported. The record shall include ingredients which may be used in the manufacture, production, brewing or fermentation of the wine, cider or malt beverages, showing such facts with relation to those beverages, their ingredients and their transportation, as the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may require. The records shall be open to inspection by the representative of the commission at any time. The commission may require from any such person sworn returns of all or any part of the information shown by the records.

SECTION 178. ORS 473.170 is amended to read:

473.170. (1) No manufacturer shall:

- (a) Fail to pay the privilege tax prescribed in ORS 473.030 and 473.035 when it is due; or
- (b) Falsify the statement required by ORS 473.070.

(2) No person shall:

- (a) Refuse to permit the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** or any of its representatives to make an inspection of the books and records authorized by ORS 473.140 to 473.160;
- (b) Fail to keep books of account prescribed by the commission or required by this chapter;
- (c) Fail to preserve the books for two years for inspection of the commission; or
- (d) Alter, cancel or obliterate entries in the books of account for the purpose of falsifying any record required by this chapter to be made, maintained or preserved.

SECTION 179. ORS 474.115 is amended to read:

474.115. (1) It shall be unlawful for any wholesaler to sell any brand of malt beverage in this state except in the territory described in an agreement with the manufacturer or importer authorizing sale by the wholesaler of the brand within a designated territory. Within the designated territory the wholesaler must service as provided in subsection (2) of this section all of the customers without discrimination. The territorial agreement must be in writing and must specify the brand or brands it covers. Where a manufacturer or importer sells several brands, the agreement need not apply to all brands sold by the manufacturer or importer and may apply only to one brand. No manufacturer or importer shall provide by the written agreement for the distribution of a brand to more than one distributor for all or any part of the designated territory. All such agreements shall be filed with the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**.

(2) Every malt beverage wholesaler licensed shall service for the purpose of quality control all of the malt beverages it sells to its customers. Each wholesaler shall provide quality control services and comply with quality control standards as are specified in writing from time to time by the owner of the trademark of the brand or brands of malt beverage if:

(a) These services or standards are reasonable and are reasonably related to the maintenance of quality control; and

(b) The wholesaler has received written notice of them.

(3) An exclusive territorial designation in any agreement shall be changed only upon the written notice of the manufacturer and shall be filed pursuant to this section and ORS 474.105. The commission shall require the manufacturer to verify that the level of service within the designated territory will not be affected by the change. The notice shall only be given after recognizing all rights of the wholesaler and duties of the manufacturer contained in any written agreement between them. However, if a wholesaler is prevented from servicing the territory due to fire, flood, labor disputes or other causes beyond reasonable control, and if first given permission by the duly licensed exclusive wholesaler of that area and approved by the manufacturer and the commission, another licensed wholesaler not within the designated area may sell the specified brands of malt beverage in that designated area.

(4)(a) It shall be unlawful for any wholesaler, either directly or indirectly, to grant or to afford a quantity discount in connection with the sale of malt beverages to any retailer in this state.

(b) No provision of any agreement between any manufacturer and importer shall expressly or by implication, or in its operation, establish or maintain the resale price of any brand or brands of malt beverage by the wholesaler.

SECTION 180. ORS 475B.015 is amended to read:

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

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

(2) "Cannabinoid concentrate" means a substance obtained by separating cannabinoids from marijuana by:

(a) A mechanical extraction process;

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

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

(d) Any other process identified by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, in consultation with the Oregon Health Authority, by rule.

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

(4) "Cannabinoid extract" means a substance obtained by separating cannabinoids from marijuana by:

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

(b) A chemical extraction process using carbon dioxide, if the process uses high heat or pressure; or

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

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

(b) "Cannabinoid product" does not include:

(A) Usable marijuana by itself;

(B) A cannabinoid concentrate by itself;

(C) A cannabinoid extract by itself; or

(D) Industrial hemp, as defined in ORS 571.269.

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

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

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

(9)(a) "Financial consideration" means value that is given or received either directly or indirectly through sales, barter, trade, fees, charges, dues, contributions or donations.

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

(10) "Homegrown" means grown by a person 21 years of age or older for noncommercial purposes.

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

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

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

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

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

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

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

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

(b) "Marijuana" does not include:

(A) Industrial hemp, as defined in ORS 571.269; or

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

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

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

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

- (21) "Marijuana processor" means a person that processes marijuana items in this state.
- (22) "Marijuana producer" means a person that produces marijuana in this state.
- (23) "Marijuana retailer" means a person that sells marijuana items to a consumer in this state.
- (24)(a) "Marijuana seeds" means the seeds of the plant Cannabis family Cannabaceae.
- (b) "Marijuana seeds" does not include the seeds of industrial hemp, as defined in ORS 571.269.
- (25) "Marijuana wholesaler" means a person that purchases marijuana items in this state for resale to a person other than a consumer.
- (26) "Mature marijuana plant" means a marijuana plant that is not an immature marijuana plant.
- (27) "Medical grade cannabinoid product, cannabinoid concentrate or cannabinoid extract" means a cannabinoid product, cannabinoid concentrate or cannabinoid extract that has a concentration of tetrahydrocannabinol that is permitted under ORS 475B.625 in a single serving of the cannabinoid product, cannabinoid concentrate or cannabinoid extract for consumers who hold a valid registry identification card issued under ORS 475B.797.
- (28) "Medical purpose" means a purpose related to using usable marijuana, cannabinoid products, cannabinoid concentrates or cannabinoid extracts to mitigate the symptoms or effects of a debilitating medical condition, as defined in ORS 475B.791.
- (29) "Noncommercial" means not dependent or conditioned upon the provision or receipt of financial consideration.
- (30)(a) "Premises" includes the following areas of a location licensed under ORS 475B.010 to 475B.545:
- (A) All public and private enclosed areas at the location that are used in the business operated at the location, including offices, kitchens, rest rooms and storerooms;
- (B) All areas outside a building that the commission has specifically licensed for the processing, wholesale sale or retail sale of marijuana items; and
- (C) For a location that the commission has specifically licensed for the production of marijuana outside a building, that portion of the location used to produce marijuana.
- (b) "Premises" does not include a primary residence.
- (31)(a) "Processes" means the processing, compounding or conversion of marijuana into cannabinoid products, cannabinoid concentrates or cannabinoid extracts.
- (b) "Processes" does not include packaging or labeling.
- (32)(a) "Produces" means the manufacture, planting, cultivation, growing or harvesting of marijuana.
- (b) "Produces" does not include:
- (A) The drying of marijuana by a marijuana processor, if the marijuana processor is not otherwise producing marijuana; or
- (B) The cultivation and growing of an immature marijuana plant by a marijuana processor, marijuana wholesaler or marijuana retailer if the marijuana processor, marijuana wholesaler or marijuana retailer purchased or otherwise received the plant from a licensed marijuana producer.
- (33) "Propagate" means to grow immature marijuana plants or to breed or produce marijuana seeds.
- (34) "Public place" means a place to which the general public has access and includes, but is not limited to, hallways, lobbies and other parts of apartment houses and hotels not constituting rooms or apartments designed for actual residence, and highways, streets, schools, places of amusement, parks, playgrounds and areas used in connection with public passenger transportation.
- (35) "Registry identification cardholder" has the meaning given that term in ORS 475B.791.
- (36)(a) "Usable marijuana" means the dried leaves and flowers of marijuana.
- (b) "Usable marijuana" does not include:
- (A) Marijuana seeds;
- (B) The stalks and roots of marijuana; or
- (C) Waste material that is a by-product of producing or processing marijuana.

SECTION 181. ORS 475B.025 is amended to read:

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

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

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

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

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

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

(A) Issuing subpoenas;

(B) Compelling the attendance of witnesses;

(C) Administering oaths;

(D) Certifying official acts;

(E) Taking depositions as provided by law;

(F) Compelling the production of books, payrolls, accounts, papers, records, documents and testimony; and

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

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

(A) That is appealing to minors;

(B) That promotes excessive use;

(C) That promotes illegal activity; or

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

(f) To regulate the use of marijuana items for other purposes as deemed necessary or appropriate by the commission.

(g) To establish pilot programs, of not more than three years in duration, to expand access to marijuana for medical use for registry identification cardholders and designated primary caregivers, as defined in ORS 475B.791.

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

SECTION 182. ORS 475B.030 is amended to read:

475B.030. Subject to any applicable provision of ORS chapter 183, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may purchase, possess, seize, transfer to a licensee or dispose of marijuana items as is necessary for the commission to ensure compliance with and enforce the provisions of ORS 475B.010 to 475B.545 and any rule adopted under ORS 475B.010 to 475B.545.

SECTION 183. ORS 475B.033 is amended to read:

475B.033. The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may, by rule or order, provide for the manner and conditions under which:

(1) Marijuana items left by a deceased, insolvent or bankrupt person or licensee, or subject to a security interest, may be foreclosed, sold under execution or otherwise disposed.

(2) The business of a deceased, insolvent or bankrupt licensee may be operated for a reasonable period following the death, insolvency or bankruptcy.

(3) A secured party, as defined in ORS 79.0102, may continue to operate at a premises for which a license has been issued under ORS 475B.010 to 475B.545 for a reasonable period after default on the indebtedness by the debtor.

SECTION 184. ORS 475B.035 is amended to read:

475B.035. The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may limit the quantity of marijuana items transferred to a consumer or other individual if the commission determines that the limitation is necessary to prevent the resale of marijuana items.

SECTION 185. ORS 475B.040 is amended to read:

475B.040. (1) An applicant for a license or renewal of a license issued under ORS 475B.010 to 475B.545 shall apply to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** in the form required by the commission by rule, showing the name and address of the applicant, location of the premises that is to be operated under the license and other pertinent information required by the commission. The commission may not issue or renew a license until the applicant has complied with the provisions of ORS 475B.010 to 475B.545 and rules adopted under ORS 475B.010 to 475B.545.

(2) The commission may reject any application that is not submitted in the form required by the commission by rule. The commission shall give applicants an opportunity to be heard if an application is rejected. A hearing under this subsection is not subject to the requirements for contested case proceedings under ORS chapter 183.

(3) Except as provided in subsection (2) of this section, a revocation of, or a refusal to issue or renew, a license issued under ORS 475B.010 to 475B.545 is subject to the requirements for contested case proceedings under ORS chapter 183.

SECTION 186. ORS 475B.045 is amended to read:

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

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

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

(b) Has made false statements to the commission.

(c) Is incompetent or physically unable to carry on the management of the establishment proposed to be licensed.

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

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

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

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

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

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

(3) Notwithstanding subsection (2)(d) of this section, in determining whether to issue a license or a restricted license to an applicant, the commission may not consider the prior conviction of the

applicant or any owner, director, officer, manager, employee, agent or other representative of the applicant for:

(a) The manufacture of marijuana, if:

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

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

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

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

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

(c) The possession of marijuana.

SECTION 187. ORS 475B.050 is amended to read:

475B.050. For the purpose of requesting a state or nationwide criminal records check under ORS 181A.195, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may require the fingerprints of any individual listed on an application submitted under ORS 475B.040. The powers conferred on the commission under this section include the power to require the fingerprints of:

(1) If the applicant is a limited partnership, each partner of the limited partnership;

(2) If the applicant is a limited liability company, each member of the limited liability company;

(3) If the applicant is a corporation, each director and officer of the corporation;

(4) Any individual who holds a financial interest of 10 percent or more in the person applying for the license; and

(5) Any individual who is a partner, member, director or officer of a legal entity with a financial interest in the person applying for the license.

SECTION 188. ORS 475B.060 is amended to read:

475B.060. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall approve or deny an application to be licensed under ORS 475B.010 to 475B.545. Upon receiving an application under ORS 475B.040, the commission may not unreasonably delay processing, approving or denying the application or, if the application is approved, issuing the license.

(2) The licenses described in ORS 475B.010 to 475B.545 must be issued by the commission, subject to the provisions of ORS 475B.010 to 475B.545 and rules adopted under ORS 475B.010 to 475B.545.

(3) The commission may not license a premises that does not have defined boundaries. A premises does not need to be enclosed by a wall, fence or other structure, but the commission may require a premises to be enclosed as a condition of issuing or renewing a license. The commission may not license a mobile premises.

SECTION 189. ORS 475B.063 is amended to read:

475B.063. (1) Prior to receiving a license under ORS 475B.070, 475B.090, 475B.100 or 475B.105, an applicant shall request a land use compatibility statement from the city or county that authorizes the land use. The land use compatibility statement must demonstrate that the requested license is for a land use that is allowable as a permitted or conditional use within the given zoning designation where the land is located. The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may not issue a license if the land use compatibility statement shows that the proposed land use is prohibited in the applicable zone.

(2) Except as provided in subsection (3) of this section, a city or county that receives a request for a land use compatibility statement under this section must act on that request within 21 days of:

(a) Receipt of the request, if the land use is allowable as an outright permitted use; or

(b) Final local permit approval, if the land use is allowable as a conditional use.

(3) A city or county that receives a request for a land use compatibility statement under this section is not required to act on that request during the period that the commission discontinues licensing those premises pursuant to ORS 475B.968 (4)(b).

(4) A city or county action concerning a land use compatibility statement under this section is not a land use decision for purposes of ORS chapter 195, 196, 197, 215 or 227.

SECTION 190. ORS 475B.070 is amended to read:

475B.070. (1) The production of marijuana is subject to regulation by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**.

(2) A marijuana producer must have a production license issued by the commission for the premises at which the marijuana is produced. To hold a production license issued under this section, a marijuana producer:

(a) Must apply for a license in the manner described in ORS 475B.040;

(b) Must provide proof that the applicant is 21 years of age or older; and

(c) Must meet the requirements of any rule adopted by the commission under subsections (3) and (4) of this section.

(3)(a) If the applicant is not the owner of the premises at which the marijuana is to be produced, the applicant shall submit to the commission signed informed consent from the owner of the premises to produce marijuana at the premises.

(b) The commission may adopt rules regarding the informed consent described in this subsection.

(4) The commission shall adopt rules that:

(a) Require a marijuana producer to annually renew a license issued under this section;

(b) Establish application, licensure and renewal of licensure fees for marijuana producers;

(c) Require marijuana produced by marijuana producers to be tested in accordance with ORS 475B.555;

(d) Assist the viability of marijuana producers that are independently owned and operated and that are limited in size and revenue with respect to other marijuana producers, by minimizing barriers to entry into the regulated system and by expanding, to the extent practicable, transportation options that will support their access to the retail market;

(e) Allow a marijuana producer registered under ORS 475B.136 to produce marijuana for medical purposes in the same manner that rules adopted under ORS 475B.010 to 475B.545 allow a marijuana producer to produce marijuana for nonmedical purposes, excepting those circumstances where differentiating between the production of marijuana for medical purposes and the production of marijuana for nonmedical purposes is necessary to protect the public health and safety;

(f) Require marijuana producers to submit, at the time of applying for or renewing a license under ORS 475B.040, a report describing the applicant's or licensee's electrical or water usage; and

(g) Require a marijuana producer to meet any public health and safety standards and industry best practices established by the commission by rule related to the production of marijuana or the propagation of immature marijuana plants and marijuana seeds.

(5) Fees adopted under subsection (4)(b) of this section:

(a) May not exceed, together with other fees collected under ORS 475B.010 to 475B.545, the cost of administering ORS 475B.010 to 475B.545;

(b) Shall be in the form of a schedule that imposes a greater fee for premises with more square footage or on which more marijuana plants are grown; and

(c) Shall be deposited in the Marijuana Control and Regulation Fund established under ORS 475B.296.

SECTION 191. ORS 475B.085 is amended to read:

475B.085. (1) Subject to subsection (3) of this section, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall adopt rules restricting the size of marijuana plant grow canopies at premises for which a license has been issued under ORS 475B.070. In adopting rules under this subsection, the commission shall:

(a) Limit the size of marijuana plant grow canopies, for premises where marijuana is grown outdoors and for premises where marijuana is grown indoors, in a manner calculated to result in premises that produce the same amount of harvested marijuana leaves and harvested marijuana flowers regardless of whether the marijuana is grown outdoors or indoors.

(b) Adopt a tiered system under which the permitted size of a marijuana producer's marijuana plant grow canopy increases at the time of licensure renewal under ORS 475B.070, except that the permitted size of a marijuana producer's marijuana plant grow canopy may not increase following any year during which the commission disciplined the marijuana producer for violating a provision of ORS 475B.010 to 475B.545 or a rule adopted under ORS 475B.010 to 475B.545.

(c) Take into consideration the market demand for marijuana items in this state, the number of marijuana producers applying for a license under ORS 475B.070, the number of marijuana producers that hold a license issued under ORS 475B.070 and whether the availability of marijuana items in this state is commensurate with the market demand.

(2) For purposes of this section, the commission may adopt different rules for mature marijuana plant grow canopies and immature marijuana plant grow canopies.

(3) This section applies only to that portion of a premises for which a license has been issued under ORS 475B.070 that is used to produce marijuana plants.

SECTION 192. ORS 475B.090 is amended to read:

475B.090. (1) The processing of marijuana items is subject to regulation by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**.

(2) A marijuana processor must have a processor license issued by the commission for the premises at which marijuana items are processed. To hold a processor license under this section, a marijuana processor:

(a) Must apply for a license in the manner described in ORS 475B.040;

(b) Must provide proof that the applicant is 21 years of age or older;

(c) If the marijuana processor processes marijuana extracts, may not be located in an area zoned exclusively for residential use; and

(d) Must meet the requirements of any rule adopted by the commission under subsection (3) of this section.

(3) The commission shall adopt rules that:

(a) Require a marijuana processor to annually renew a license issued under this section;

(b) Establish application, licensure and renewal of licensure fees for marijuana processors;

(c) Require marijuana processed by a marijuana processor to be tested in accordance with ORS 475B.555;

(d) Allow a marijuana processor registered under ORS 475B.139 to process marijuana and usable marijuana into medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts in the same manner that rules adopted under ORS 475B.010 to 475B.545 allow a marijuana processor to process marijuana and usable marijuana into general use cannabinoid products, cannabinoid concentrates and cannabinoid extracts, excepting those circumstances where differentiating between the processing of medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts and the processing of general use cannabinoid products, cannabinoid concentrates and cannabinoid extracts is necessary to protect the public health and safety; and

(e) Require a marijuana processor to meet any public health and safety standards and industry best practices established by the commission by rule related to:

(A) Cannabinoid edibles;

(B) Cannabinoid concentrates;

(C) Cannabinoid extracts; and

(D) Any other type of cannabinoid product identified by the commission by rule.

(4) Fees adopted under subsection (3)(b) of this section:

(a) May not exceed, together with other fees collected under ORS 475B.010 to 475B.545, the cost of administering ORS 475B.010 to 475B.545; and

(b) Shall be deposited in the Marijuana Control and Regulation Fund established under ORS 475B.296.

SECTION 193. ORS 475B.096 is amended to read:

475B.096. (1) Notwithstanding ORS 475B.090, a marijuana producer that holds a license issued under ORS 475B.070 and has a mature marijuana plant grow canopy described in subsection (2) of

this section may process marijuana into a cannabinoid concentrate if the process involves separating cannabinoids from marijuana by:

- (a) A mechanical process; or
- (b) An extraction process using water as the solvent.

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

- (a) For marijuana grown outdoors, 5,000 square feet; or
- (b) For marijuana grown indoors, 1,250 square feet.

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

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

(4) The processing of marijuana under this section must comport with any reasonable condition adopted under ORS 475B.486 that is imposed on the manner in which a marijuana processor licensed under ORS 475B.090 may process marijuana.

SECTION 194. ORS 475B.100 is amended to read:

475B.100. (1) The wholesale sale of marijuana items is subject to regulation by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**.

(2) A marijuana wholesaler must have a wholesale license issued by the commission for the premises at which marijuana items are received, stored or delivered. To hold a wholesale license under this section, a marijuana wholesaler:

- (a) Must apply for a license in the manner described in ORS 475B.040;
- (b) Must provide proof that the applicant is 21 years of age or older;
- (c) May not be located in an area that is zoned exclusively for residential use; and
- (d) Must meet the requirements of any rule adopted by the commission under subsection (3) of this section.

(3) The commission shall adopt rules that:

- (a) Require a marijuana wholesaler to annually renew a license issued under this section;
- (b) Establish application, licensure and renewal of licensure fees for marijuana wholesalers;
- (c) Require marijuana items received, stored or delivered by a marijuana wholesaler to be tested in accordance with ORS 475B.555;

(d) Allow a marijuana wholesaler registered under ORS 475B.144 to sell medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts at wholesale in the same manner that rules adopted under ORS 475B.010 to 475B.545 allow a marijuana wholesaler to sell general use cannabinoid products, cannabinoid concentrates and cannabinoid extracts at wholesale, excepting those circumstances where differentiating between the sale of medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts and the sale of general use cannabinoid products, cannabinoid concentrates and cannabinoid extracts is necessary to protect the public health and safety; and

(e) Require a marijuana wholesaler to meet any public health and safety standards and industry best practices established by the commission by rule.

(4) Fees adopted under subsection (3)(b) of this section:

(a) May not exceed, together with other fees collected under ORS 475B.010 to 475B.545, the cost of administering ORS 475B.010 to 475B.545; and

(b) Shall be deposited in the Marijuana Control and Regulation Fund established under ORS 475B.296.

SECTION 195. ORS 475B.105 is amended to read:

475B.105. (1) The retail sale of marijuana items is subject to regulation by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**.

(2) A marijuana retailer must have a retail license issued by the commission for the premises at which marijuana items are sold. To hold a retail license under this section, a marijuana retailer:

- (a) Must apply for a license in the manner described in ORS 475B.040;
- (b) Must provide proof that the applicant is 21 years of age or older;
- (c) May not be located in an area that is zoned exclusively for residential use;
- (d) Except as provided in ORS 475B.109, may not be located within 1,000 feet of:

(A) A public elementary or secondary school for which attendance is compulsory under ORS 339.020; or

(B) A private or parochial elementary or secondary school, teaching children as described in ORS 339.030 (1)(a); and

(e) Must meet the requirements of any rule adopted by the commission under subsection (3) of this section.

(3) The commission shall adopt rules that:

- (a) Require a marijuana retailer to annually renew a license issued under this section;
- (b) Establish application, licensure and renewal of licensure fees for marijuana retailers;
- (c) Require marijuana items sold by a marijuana retailer to be tested in accordance with ORS 475B.555;

(d) Notwithstanding ORS 475B.206, allow a marijuana retailer to deliver marijuana items to another marijuana retailer that is owned by the same or substantially the same persons;

(e) Subject to the limitations and privileges described in ORS 475B.146 (3), allow a marijuana retailer registered under ORS 475B.146 to sell medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts at retail in the same manner that rules adopted under ORS 475B.010 to 475B.545 allow a marijuana retailer to sell general use cannabinoid products, cannabinoid concentrates and cannabinoid extracts at retail, excepting those circumstances where differentiating between the sale of medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts and the sale of general use cannabinoid products, cannabinoid concentrates and cannabinoid extracts is necessary to protect the public health and safety; and

(f) Require a marijuana retailer to meet any public health and safety standards and industry best practices established by the commission by rule.

(4) Fees adopted under subsection (3)(b) of this section:

(a) May not exceed, together with other fees collected under ORS 475B.010 to 475B.545, the cost of administering ORS 475B.010 to 475B.545; and

(b) Shall be deposited in the Marijuana Control and Regulation Fund established under ORS 475B.296.

SECTION 196. ORS 475B.109 is amended to read:

475B.109. Notwithstanding ORS 475B.105 (2)(d), a marijuana retailer may be located within 1,000 feet of a school if:

(1)(a) The marijuana retailer is not located within 500 feet of:

(A) A public elementary or secondary school for which attendance is compulsory under ORS 339.020; or

(B) A private or parochial elementary or secondary school, teaching children as described in ORS 339.030 (1)(a); and

(b) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** determines that there is a physical or geographic barrier capable of preventing children from traversing to the premises of the marijuana retailer; or

(2) The marijuana retailer was established before August 1, 2017, in accordance with a city or county ordinance adopted under section 29b, chapter 83, Oregon Laws 2016.

SECTION 197. ORS 475B.115 is amended to read:

475B.115. If a school described in ORS 475B.105 (2)(d) that has not previously been attended by children is established within 1,000 feet of a premises for which a license has been issued under ORS 475B.105, the marijuana retailer located at that premises may remain at that location unless the

[*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** revokes the license of the marijuana retailer under ORS 475B.256.

SECTION 198. ORS 475B.119 is amended to read:

475B.119. The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may adopt rules establishing the circumstances under which the commission may require a marijuana retailer that holds a license issued under ORS 475B.105 to use an age verification scanner or any other equipment used to verify a person's age for the purpose of ensuring that the marijuana retailer does not sell marijuana items to a person under 21 years of age. Information obtained under this section may not be retained after verifying a person's age and may not be used for any purpose other than verifying a person's age.

SECTION 199. ORS 475B.122 is amended to read:

475B.122. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall designate any marijuana producer that holds a license issued under ORS 475B.070 and that is registered under ORS 475B.136 as an exclusively medical licensee if the marijuana producer attests, in a form and manner prescribed by the commission, to:

(a) Producing marijuana only for medical purposes; and

(b) Transferring usable marijuana only to marijuana processors registered under ORS 475B.139, marijuana wholesalers registered under ORS 475B.144, marijuana retailers registered under ORS 475B.146, registry identification cardholders and designated primary caregivers.

(2) If the commission makes a designation under this section, the commission shall keep a record of the designation.

SECTION 200. ORS 475B.127 is amended to read:

475B.127. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall designate any marijuana processor that holds a license issued under ORS 475B.090 and that is registered under ORS 475B.139 as an exclusively medical licensee if the marijuana processor attests, in a form and manner prescribed by the commission, to:

(a) Processing marijuana only for medical purposes;

(b) Receiving usable marijuana only from a marijuana producer registered under ORS 475B.136; and

(c) Transferring cannabinoid products, cannabinoid concentrates and cannabinoid extracts only to marijuana wholesalers registered under ORS 475B.144, marijuana retailers registered under ORS 475B.146, registry identification cardholders and designated primary caregivers.

(2) If the commission makes a designation under this section, the commission shall keep a record of the designation.

SECTION 201. ORS 475B.129 is amended to read:

475B.129. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall designate any marijuana wholesaler that holds a license issued under ORS 475B.100 and that is registered under ORS 475B.144 as an exclusively medical licensee if the marijuana wholesaler attests, in a form and manner prescribed by the commission, to:

(a) Selling marijuana items only for medical purposes;

(b) Receiving usable marijuana only from marijuana producers registered under ORS 475B.136 and marijuana processors registered under ORS 475B.139;

(c) Receiving cannabinoid products, cannabinoid concentrates and cannabinoid extracts only from a marijuana processor registered under ORS 475B.139; and

(d) Transferring usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts only to marijuana retailers registered under ORS 475B.146.

(2) If the commission makes a designation under this section, the commission shall keep a record of the designation.

SECTION 202. ORS 475B.131 is amended to read:

475B.131. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall designate any marijuana retailer that holds a license issued under ORS 475B.105 and that

is registered under ORS 475B.146 as an exclusively medical licensee if the marijuana retailer attests, in a form and manner prescribed by the commission, to:

- (a) Selling marijuana items only for medical purposes;
- (b) Receiving usable marijuana only from marijuana producers registered under ORS 475B.136, marijuana processors registered under ORS 475B.139 and marijuana wholesalers registered under ORS 475B.144;
- (c) Receiving cannabinoid products, cannabinoid concentrates and cannabinoid extracts only from a marijuana processor registered under ORS 475B.139 and marijuana wholesalers registered under ORS 475B.144; and
- (d) Transferring usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts only to registry identification cardholders and designated primary caregivers.

(2) If the commission makes a designation under this section, the commission shall keep a record of the designation.

SECTION 203. ORS 475B.136 is amended to read:

475B.136. (1) To produce marijuana for medical purposes, a marijuana producer that holds a license issued under ORS 475B.070 must register with the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** under this section.

(2) The commission shall register a marijuana producer for the purpose of producing marijuana for medical purposes if the marijuana producer:

- (a) Holds a license issued under ORS 475B.070;
- (b) Meets any qualifications adopted by the commission by rule;
- (c) Applies to the commission in a form and manner prescribed by the commission; and
- (d) Pays any fee adopted by the commission by rule.

(3) Subject to subsection (4) of this section, a marijuana producer registered under this section may produce marijuana plants on a medically designated grow canopy in addition to producing marijuana plants on the grow canopy allowed under rules adopted under ORS 475B.085. The commission shall specify the size of medically designated grow canopies by rule, provided that the size of any medically designated grow canopy does not exceed 10 percent of the total size of both the medically designated grow canopy and the grow canopy allowed under rules adopted under ORS 475B.085 at the time that the marijuana producer applies for registration under this section.

(4) A marijuana producer registered under this section must provide, for no consideration, at least 75 percent of the annual yield of usable marijuana harvested from the marijuana producer's medically designated grow canopy to registry identification cardholders and designated primary caregivers.

(5) A marijuana producer registered under this section may not, during a single transaction, provide a registry identification cardholder or the designated primary caregiver of a registry identification cardholder an amount of usable marijuana that exceeds the amount of usable marijuana that a registry identification cardholder and a designated primary caregiver may jointly possess under ORS 475B.834.

(6) A marijuana producer registered under this section may provide immature marijuana plants to a person responsible for a marijuana grow site registered under ORS 475B.810, a registry identification cardholder or a designated primary caregiver of a registry identification cardholder.

(7)(a) The commission shall adopt rules necessary to administer this section.

(b) The rules must establish sanctions for failure to meet the requirements of this section or a rule adopted under this section, including revocation of permission for the marijuana producer's medically designated grow canopy.

(c) The rules must provide that any fee adopted by the commission under subsection (2)(d) of this section be in an amount reasonably calculated to not exceed, together with other fees collected under ORS 475B.010 to 475B.545, the cost of administering ORS 475B.010 to 475B.545.

SECTION 204. ORS 475B.139 is amended to read:

475B.139. (1) To process marijuana for medical purposes, a marijuana processor that holds a license issued under ORS 475B.090 must register with the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** under this section.

(2) The commission shall register a marijuana processor for the purpose of processing marijuana for medical purposes if the marijuana processor:

- (a) Holds a license issued under ORS 475B.090;
- (b) Meets any qualifications adopted by the commission by rule;
- (c) Applies to the commission in a form and manner prescribed by the commission; and
- (d) Pays any fee adopted by the commission by rule.

(3) A marijuana processor registered under this section may:

(a) Process marijuana and usable marijuana into medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts; and

(b) Notwithstanding ORS 475B.206, receive marijuana and usable marijuana from, and for a fee process that marijuana and usable marijuana into cannabinoid products, cannabinoid concentrates and cannabinoid extracts for, a registry identification cardholder or the designated primary caregiver of a registry identification cardholder, provided that the cannabinoid products, cannabinoid concentrates and cannabinoid extracts meet the requirements of ORS 475B.550 to 475B.590 and the concentration standards adopted under ORS 475B.625.

(4)(a) The commission shall adopt rules necessary to administer this section.

(b) The rules must provide that any fee adopted by the commission under subsection (2)(d) of this section be in an amount reasonably calculated to not exceed, together with other fees collected under ORS 475B.010 to 475B.545, the cost of administering ORS 475B.010 to 475B.545.

SECTION 205. ORS 475B.144 is amended to read:

475B.144. (1) To sell marijuana items at wholesale for medical purposes, a marijuana wholesaler that holds a license issued under ORS 475B.100 must register with the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** under this section.

(2) The commission shall register a marijuana wholesaler for the purpose of selling marijuana items at wholesale for medical purposes if the marijuana wholesaler:

- (a) Holds a license under ORS 475B.100;
- (b) Meets any qualifications adopted by the commission by rule;
- (c) Applies to the commission in a form and manner prescribed by the commission; and
- (d) Pays any fee adopted by the commission by rule.

(3) A marijuana wholesaler registered under this section may sell medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts at wholesale.

(4) The commission shall adopt rules necessary to administer this section. The rules must provide that any fee adopted by the commission under subsection (2)(d) of this section be in an amount reasonably calculated to not exceed, together with other fees collected under ORS 475B.010 to 475B.545, the cost of administering ORS 475B.010 to 475B.545.

SECTION 206. ORS 475B.146 is amended to read:

475B.146. (1) To sell marijuana items at retail for medical purposes, a marijuana retailer that holds a license issued under ORS 475B.105 must register with the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** under this section.

(2) The commission shall register a marijuana retailer for the purpose of selling marijuana items at retail for medical purposes if the marijuana retailer:

- (a) Holds a license issued under ORS 475B.105;
- (b) Meets any qualifications adopted by the commission by rule;
- (c) Applies to the commission in a form and manner prescribed by the commission; and
- (d) Pays any fee adopted by the commission by rule.

(3) A marijuana retailer registered under this section:

(a) May sell medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts to registry identification cardholders and designated primary caregivers;

(b) May not sell medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts to individuals other than registry identification cardholders and designated primary caregivers;

(c) May sell usable marijuana and medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts to registry identification cardholders and designated primary caregivers at a discounted price; and

(d) May provide, for no consideration, usable marijuana and medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts to a registry identification cardholder and the designated primary caregiver of the registry identification cardholder.

(4)(a) The commission shall adopt rules necessary to administer this section.

(b) The rules must provide that any fee adopted by the commission under subsection (2)(d) of this section be in an amount reasonably calculated to not exceed, together with other fees collected under ORS 475B.010 to 475B.545, the cost of administering ORS 475B.010 to 475B.545.

SECTION 207. ORS 475B.154 is amended to read:

475B.154. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may, after 72 hours' notice, make an examination of the books of a licensee for the purpose of determining compliance with ORS 475B.010 to 475B.545 and rules adopted under ORS 475B.010 to 475B.545.

(2) The commission may at any time make an examination of a premises for which a license has been issued under ORS 475B.010 to 475B.545 for the purpose of determining compliance with ORS 475B.010 to 475B.545 and rules adopted under ORS 475B.010 to 475B.545.

(3) The commission may not require the books of a licensee to be maintained on a premises of the licensee.

(4) This section does not authorize the commission to make an examination of a premises of a person registered under ORS 475B.785 to 475B.949.

SECTION 208. ORS 475B.158 is amended to read:

475B.158. As is necessary to protect the public health and safety, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may require a premises licensed under ORS 475B.010 to 475B.545 to be segregated into separate areas:

(1) For conducting the activities permitted under each license, if the licensee holds more than one license issued under ORS 475B.010 to 475B.545 for the same premises;

(2) For conducting activities related to processing marijuana into different types of cannabinoid products, cannabinoid concentrates or cannabinoid extracts, if the licensee is a marijuana processor that holds a license issued under ORS 475B.090 and that processes marijuana into any combination of different types of products, concentrates and extracts; or

(3) For producing marijuana and processing marijuana as described in ORS 475B.096 if the licensee is a marijuana producer that holds a license issued under ORS 475B.070 and that processes marijuana as described in ORS 475B.096.

SECTION 209. ORS 475B.163 is amended to read:

475B.163. As is necessary to protect the public health and safety, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may require a licensee to maintain general liability insurance in an amount that the commission determines is reasonably affordable and available for the purpose of protecting the licensee against damages resulting from a cause of action related to activities undertaken pursuant to the license held by the licensee.

SECTION 210. ORS 475B.167 is amended to read:

475B.167. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall adopt by rule procedures by which:

(a) A person responsible for a marijuana grow site registered under ORS 475B.810, or, if multiple persons responsible for a marijuana grow site registered under ORS 475B.810 are located at the same address, each person responsible for a marijuana grow site located at the address, may apply for a license under ORS 475B.070 to transition from being registered by the Oregon Health Authority to being licensed by the commission;

(b) A marijuana processing site registered under ORS 475B.840 may apply for a license under ORS 475B.090 to transition from being registered by the authority to being licensed by the commission; and

(c) A medical marijuana dispensary registered under ORS 475B.858 may apply for a license under ORS 475B.105 to transition from being registered by the authority to being licensed by the commission.

(2)(a) In adopting rules under this section, the commission shall adopt, at a minimum, procedures by which the inventory possessed by a person responsible for a marijuana grow site, a marijuana processing site or a medical marijuana dispensary on the date on which the person responsible for a marijuana grow site, the marijuana processing site or the medical marijuana dispensary is first subject to tracking by the commission under ORS 475B.177:

(A) May be delivered to a premises for which a license has been issued under ORS 475B.090, 475B.100 or 475B.105; or

(B) May be sold to consumers by marijuana retailers that hold a license under ORS 475B.105.

(b) Procedures adopted under this subsection must require a person responsible for a marijuana grow site registered under ORS 475B.810, or, if multiple persons responsible for a marijuana grow site registered under ORS 475B.810 are located at the same address, each person responsible for a marijuana grow site located at the address, to return to an individual to whom a registry identification card has been issued under ORS 475B.797, and for whom the person or persons are producing marijuana, all the marijuana and usable marijuana owned by the individual, except as otherwise allowed under a personal agreement entered into under ORS 475B.822, at the time that the person or the persons receive a license under ORS 475B.070.

SECTION 211. ORS 475B.173 is amended to read:

475B.173. In adopting rules related to industry best practices under ORS 475B.070, 475B.090, 475B.100 and 475B.105, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may establish merit-based criteria for licensure or renewal of licensure, including, but not limited to, possession of a developed business plan, access to sufficient capital, offering living wages and benefits to employees, provision of training and apprenticeship, provision of community benefits, implementation of best environmental practices and implementation of consumer safety practices.

SECTION 212. ORS 475B.177 is amended to read:

475B.177. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall develop and maintain a system for tracking the transfer of marijuana items between premises for which licenses have been issued under ORS 475B.010 to 475B.545.

(2) The purposes of the system developed and maintained under this section include, but are not limited to:

(a) Preventing the diversion of marijuana items to criminal enterprises, gangs, cartels and other states;

(b) Preventing persons from substituting or tampering with marijuana items;

(c) Ensuring an accurate accounting of the production, processing and sale of marijuana items;

(d) Ensuring that laboratory testing results are accurately reported; and

(e) Ensuring compliance with ORS 475B.010 to 475B.545, rules adopted under ORS 475B.010 to 475B.545 and any other law of this state that charges the commission with a duty, function or power related to marijuana.

(3) The system developed and maintained under this section must be capable of tracking, at a minimum:

(a) The propagation of immature marijuana plants and the production of marijuana by a marijuana producer;

(b) The processing of marijuana by a marijuana processor;

(c) The receiving, storing and delivering of marijuana items by a marijuana wholesaler;

(d) The sale of marijuana items by a marijuana retailer to a consumer;

(e) The sale and purchase of marijuana items between licensees, as permitted by ORS 475B.010 to 475B.545;

(f) The transfer of marijuana items between premises for which licenses have been issued under ORS 475B.010 to 475B.545; and

(g) Any other information that the commission determines is reasonably necessary to accomplish the duties, functions and powers of the commission under ORS 475B.010 to 475B.545.

SECTION 213. ORS 475B.182 is amended to read:

475B.182. Except as otherwise provided by law, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** has any power, and may perform any function, necessary for the commission to prevent the diversion of marijuana from licensees to a source that is not operating legally under the laws of this state.

SECTION 214. ORS 475B.186 is amended to read:

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

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

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

(3) In addition to any other disciplinary action available to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** under ORS 475B.010 to 475B.545 or 475B.550 to 475B.590, the commission may immediately:

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

(A) Purchased or received a marijuana item from an unlicensed source; or

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

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

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

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

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

SECTION 215. ORS 475B.191 is amended to read:

475B.191. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may require a licensee or applicant for a license under ORS 475B.010 to 475B.545 to submit, in a form and manner prescribed by the commission, to the commission a sworn statement showing:

(a) The name and address of each person that has a financial interest in the business operating or to be operated under the license; and

(b) The nature and extent of the financial interest of each person that has a financial interest in the business operating or to be operated under the license.

(2) The commission may refuse to issue, or may suspend, revoke or refuse to renew, a license issued under ORS 475B.010 to 475B.545 if the commission determines that a person that has a financial interest in the business operating or to be operated under the license committed or failed to commit an act that would constitute grounds for the commission to refuse to issue, or to suspend, revoke or refuse to renew, the license if the person were the licensee or applicant for the license.

SECTION 216. ORS 475B.194 is amended to read:

475B.194. (1) Notwithstanding the lapse, suspension or revocation of a license issued under ORS 475B.010 to 475B.545, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may:

(a) Proceed with any investigation of, or any action or disciplinary proceeding against, the person who held the license; or

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

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

SECTION 217. ORS 475B.199 is amended to read:

475B.199. (1) Notwithstanding the lapse, suspension or revocation of a permit issued under ORS 475B.266, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may:

(a) Proceed with any investigation of, or any action or disciplinary proceeding against, the person who held the permit; or

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

(2) In cases involving the proposed denial of a permit issued under ORS 475B.266, the applicant for the permit may not withdraw the applicant's application.

SECTION 218. ORS 475B.201 is amended to read:

475B.201. Except for the power to adopt rules, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may delegate to the administrator appointed under ORS 471.720 any of the commission's functions, duties and powers as prescribed by ORS 475B.010 to 475B.545, 475B.550 to 475B.590, 475B.600 to 475B.655, 475B.785 to 475B.949 and 475B.968 or any other law of the state related to the regulation of marijuana items.

SECTION 219. ORS 475B.206 is amended to read:

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

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

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

(b) A researcher of cannabis that holds a certificate issued under ORS 475B.286 and that transfers limited amounts of marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts in accordance with procedures adopted under ORS 475B.286 (3)(d) and (e);

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

(d) A marijuana grow site registered under ORS 475B.810, acting in accordance with ORS 475B.825 and any procedures adopted by rule by the commission.

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

(4) The commission may by order waive the requirements of subsections (1) and (2) of this section to ensure compliance with ORS 475B.010 to 475B.545 or a rule adopted under ORS 475B.010 to

475B.545. An order issued under this subsection does not constitute a waiver of any other requirement of ORS 475B.010 to 475B.545 or any other rule adopted under ORS 475B.010 to 475B.545.

SECTION 220. ORS 475B.216 is amended to read:

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

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

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

(c) An identification card issued under ORS 807.400.

(d) A United States military identification card.

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

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

(g) The person's proof of participation in the United States Customs and Border Protection Secure Electronic Network for Travelers Rapid Inspection program or NEXUS program, or successor programs.

(2) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may adopt rules exempting a licensee or licensee representative from this section.

SECTION 221. ORS 475B.224 is amended to read:

475B.224. (1) A licensee may not employ a person under 21 years of age at a premises for which a license has been issued under ORS 475B.010 to 475B.545.

(2) During an inspection of a premises for which a license has been issued under ORS 475B.010 to 475B.545, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may require proof that a person performing work at the premises is 21 years of age or older. If the person does not provide the commission with acceptable proof of age upon request, the commission may require the person to immediately cease any activity and leave the premises until the commission receives acceptable proof of age. This subsection does not apply to a person temporarily at the premises to make a service, maintenance or repair call or for other purposes independent of the premises operations.

(3) If a person performing work has not provided proof of age requested by the commission under subsection (2) of this section, the commission may request that the licensee provide proof that the person is 21 years of age or older. Failure of the licensee to respond to a request made under this subsection by providing acceptable proof of age for a person is prima facie evidence that the licensee has allowed the person to perform work at the premises for which a license has been issued under ORS 475B.010 to 475B.545 in violation of the minimum age requirement.

SECTION 222. ORS 475B.232 is amended to read:

475B.232. (1) A licensee may not use or allow the use of a mark or label on the container of a marijuana item that is kept for sale if the mark or label does not precisely and clearly indicate the nature of the container's contents or if the mark or label in any way might deceive a customer about the nature, composition, quantity, age or quality of the container's contents.

(2) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may prohibit a licensee from selling any brand of marijuana item that in the commission's judgment is deceptively branded or labeled or contains injurious or adulterated ingredients.

SECTION 223. ORS 475B.236 is amended to read:

475B.236. (1) A marijuana item may not be sold or offered for sale within this state unless the marijuana item complies with the minimum standards prescribed by the statutory laws of this state.

(2) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may prohibit the sale of a marijuana item by a marijuana retailer for a reasonable period of time for the purpose of determining whether the marijuana item complies with the minimum standards prescribed by the statutory laws of this state.

SECTION 224. ORS 475B.246 is amended to read:

475B.246. (1) A person may not make false representations or statements to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** in order to induce or prevent action by the commission.

(2) A licensee may not maintain a noisy, lewd, disorderly or insanitary establishment or supply impure or otherwise deleterious marijuana items.

(3) A licensee may not misrepresent to a customer or to the public any marijuana items.

SECTION 225. ORS 475B.253 is amended to read:

475B.253. (1) As used in this section, “industrial hemp” has the meaning given that term in ORS 571.269.

(2) An industrial hemp product or commodity offered for sale by a marijuana retailer that holds a license issued under ORS 475B.105 must carry a label that clearly identifies whether the product or commodity is derived from hemp or marijuana.

(3) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may inspect the premises of a marijuana retailer that holds a license issued under ORS 475B.105 to ensure compliance with this section.

SECTION 226. ORS 475B.256 is amended to read:

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

(a) That the licensee or licensee representative:

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

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

(C) Is insolvent or incompetent or physically unable to carry on the management of the establishment of the licensee.

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

(E) Has misrepresented to a customer or the public any marijuana items sold by the licensee or licensee representative.

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

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

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

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

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

(b) The department’s written notice to the commission that a licensee described under this subsection has failed to pay a tax or file a return twice in any four consecutive quarters, and that the department has issued a distraint warrant or notice of determination and assessment, shall constitute prima facie evidence of the licensee’s failure to pay the tax or file a return.

SECTION 227. ORS 475B.261 is amended to read:

475B.261. (1) An individual who performs work for or on behalf of a licensee must have a valid permit issued by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** under ORS 475B.266 if the individual participates in:

(a) The possession, production, propagation, processing, securing or selling of marijuana items at the premises for which the license has been issued;

(b) The recording of the possession, production, propagation, processing, securing or selling of marijuana items at the premises for which the license has been issued; or

(c) The verification of any document described in ORS 475B.216.

(2) A licensee must verify that an individual has a valid permit issued under ORS 475B.266 before allowing the individual to perform any work described in subsection (1) of this section at the premises for which the license has been issued.

SECTION 228. ORS 475B.266 is amended to read:

475B.266. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall issue permits to qualified applicants to perform work described in ORS 475B.261. The commission shall adopt rules establishing:

(a) The qualifications for performing work described in ORS 475B.261;

(b) The term of a permit issued under this section;

(c) Procedures for applying for and renewing a permit issued under this section; and

(d) Reasonable application, issuance and renewal fees for a permit issued under this section.

(2)(a) The commission may require an individual applying for a permit under this section to successfully complete a course, made available by or through the commission, through which the individual receives training on:

(A) Checking identification;

(B) Detecting intoxication;

(C) Handling marijuana items;

(D) If applicable, producing and propagating marijuana;

(E) If applicable, processing marijuana;

(F) The content of ORS 475B.010 to 475B.545 and rules adopted under ORS 475B.010 to 475B.545;

or

(G) Any matter deemed necessary by the commission to protect the public health and safety.

(b) The commission or other provider of a course may charge a reasonable fee for the course.

(c) The commission may not require an individual to successfully complete a course more than once, except that:

(A) As part of a final order suspending a permit issued under this section, the commission may require a permit holder to successfully complete the course as a condition of lifting the suspension; and

(B) As part of a final order revoking a permit issued under this section, the commission shall require an individual to successfully complete the course prior to applying for a new permit.

(3) The commission shall conduct a criminal records check under ORS 181A.195 on an individual applying for a permit under this section.

(4) Subject to the applicable provisions of ORS chapter 183, the commission may suspend, revoke or refuse to issue or renew a permit if the individual who is applying for or who holds the permit:

(a) Is convicted of a felony or is convicted of an offense under ORS 475B.010 to 475B.545, except that the commission may not consider a conviction for an offense under ORS 475B.010 to 475B.545 if the date of the conviction is two or more years before the date of the application or renewal;

(b) Violates any provision of ORS 475B.010 to 475B.545 or any rule adopted under ORS 475B.010 to 475B.545; or

(c) Makes a false statement to the commission.

(5) A permit issued under this section is a personal privilege and permits work described under ORS 475B.261 only for the individual who holds the permit.

SECTION 229. ORS 475B.271 is amended to read:

475B.271. For the purpose of requesting a state or nationwide criminal records check under ORS 181A.195, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may require the fingerprints of any individual listed on an application submitted under ORS 475B.266.

SECTION 230. ORS 475B.281 is amended to read:

475B.281. (1) It is an unlawful employment practice for a licensee to discharge, demote, suspend or in any manner discriminate or retaliate against an employee of the licensee with regard to promotion, compensation or other terms, conditions or privileges of employment on the basis that the employee has in good faith reported information to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** that the employee believes is evidence of a violation of ORS 475B.010 to 475B.545 or a rule adopted under ORS 475B.010 to 475B.545.

(2) This section is subject to enforcement under ORS chapter 659A.

SECTION 231. ORS 475B.286 is amended to read:

475B.286. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, in consultation with the Oregon Health Authority and the State Department of Agriculture, shall establish a program for the purpose of identifying and certifying private and public researchers of cannabis.

(2)(a) The authority shall assist the commission in identifying candidates for certification under this section with respect to potential medical research.

(b) The department shall assist the commission in identifying candidates for certification under this section with respect to potential agricultural research.

(3) Subject to subsection (4) of this section, the commission shall adopt by rule or order:

(a) Qualifications for certification under this section;

(b) The term of a certificate issued under this section;

(c) Processes for applying for, receiving and renewing a certificate under this section;

(d) Procedures for tracking marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts received by and disposed or otherwise made use of by a person that holds a certificate issued under this section; and

(e) Procedures for disposing or otherwise making use of marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts.

(4) In establishing qualifications under subsection (3) of this section, the commission shall consider the following:

(a) A research applicant's access to funding and the overall cost of the proposed research;

(b) The overall benefit of an applicant's proposed research to this state's cannabis industry or to public health and safety; and

(c) Legal barriers to conducting the proposed research or legal risks associated with conducting the proposed research.

(5) In adopting procedures under subsection (3)(d) and (e) of this section with respect to making use of marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts, the commission shall also adopt procedures by which a person that holds a certificate issued under this section may transfer limited amounts of marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts to another person that holds a certificate issued under this section or to a premises for which a license has been issued under ORS 475B.070, 475B.090, 475B.100 or 475B.105.

(6) In adopting procedures under subsection (3)(d) and (e) of this section with respect to making use of marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts, the commission shall also adopt procedures by which a person that holds a certificate issued under this section may give, devise or bequest usable marijuana, immature marijuana plants, marijuana seeds, cannabinoid products, cannabinoid concentrates and cannabinoid extracts to a medical marijuana dispensary registered with the authority under ORS 475B.858 and owned by a nonprofit corporation organized under ORS chapter 65 for purposes described in ORS 475B.873.

(7) A person that holds a certificate issued under this section:

(a) May receive marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts from a licensee or a registrant under ORS 475B.785 to 475B.949; and

(b) May not sell or otherwise transfer marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates or cannabinoid extracts to any other person, except as provided in this section and rules adopted by the commission under this section.

(8) Except as otherwise provided by the commission by rule, rules adopted under ORS 475B.010 to 475B.545 with respect to licensees and licensee representatives apply to persons that hold a certificate issued under this section and persons employed by or who otherwise perform work for persons that hold a certificate issued under this section.

(9) A person that holds a certificate issued under this section, and an employee of or other person who performs work for a person that holds a certificate issued under this section, is exempt from the criminal laws of this state for possession, delivery or manufacture of marijuana, aiding and abetting another in the possession, delivery and manufacture of marijuana, or any other criminal offense in which possession, delivery or manufacture of marijuana is an element, while performing activities related to conducting research as described in this section.

SECTION 232. ORS 475B.291 is amended to read:

475B.291. For the purpose of requesting a state or nationwide criminal records check under ORS 181A.195, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may require the fingerprints of any individual listed on an application submitted under ORS 475B.286. The powers conferred on the commission under this section include the power to require the fingerprints of:

(1) If the applicant is a limited partnership, each partner of the limited partnership;
(2) If the applicant is a limited liability company, each member of the limited liability company;
(3) If the applicant is a corporation, each director and officer of the corporation;
(4) Any individual who holds a financial interest of 10 percent or more in the person applying for the certificate; and

(5) Any individual who is a partner, member, director or officer of a legal entity with a financial interest in the person applying for the certificate.

SECTION 233. ORS 475B.296 is amended to read:

475B.296. The Marijuana Control and Regulation Fund is established in the State Treasury, separate and distinct from the General Fund. Interest earned by the Marijuana Control and Regulation Fund shall be credited to the fund. Moneys in the fund are continuously appropriated to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** to administer and enforce ORS 475B.010 to 475B.545, 475B.550 to 475B.590, 475B.600 to 475B.655 and 475B.895.

SECTION 234. ORS 475B.299, as amended by section 16, chapter 3, Oregon Laws 2020 (second special session), is amended to read:

475B.299. (1) In addition to the duties, functions and powers described in ORS 471.775, and subject to subsection (2) of this section, a regulatory specialist, as defined in ORS 471.001, has the authority as provided in ORS 133.005 to 133.400, 133.450, 133.525 to 133.703, 133.721 to 133.739, 161.245, 475B.010 to 475B.545, 475B.550 to 475B.590 and 475B.600 to 475B.655, and chapter 743, Oregon Laws 1971, and section 7, chapter 3, Oregon Laws 2020 (second special session), to conduct inspections and investigations, make seizures, aid in prosecutions of and issue citations to licensees and persons who hold a certificate or permit under ORS 475B.010 to 475B.545 for violations of and offenses related to, and otherwise enforce, ORS 475B.010 to 475B.545, 475B.550 to 475B.590 and 475B.600 to 475B.655, any rule adopted under ORS 475B.010 to 475B.545, 475B.550 to 475B.590 and 475B.600 to 475B.655 and any other law of this state that charges the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** with a duty, function or power related to a marijuana item, including enforcing any law or rule related to individuals who use false identification for purposes of purchasing or possessing a marijuana item or who engage in illegal activity on or near a premises.

(2) A regulatory specialist may not:

(a) Be sworn in as a federal law enforcement official and act in that capacity while performing an activity authorized by this section.

(b) Carry a firearm.

(c) Conduct inspections and investigations of a primary residence.

(d) For purposes of ensuring compliance with ORS 475B.785 to 475B.949, conduct inspections and investigations of registry identification cardholders or designated primary caregivers, the residences of registry identification cardholders or designated primary caregivers, or the locations where registry identification cardholders or designated primary caregivers produce marijuana.

SECTION 235. ORS 475B.316 is amended to read:

475B.316. (1)(a) A person under 21 years of age may not possess, attempt to purchase or purchase a marijuana item.

(b) For purposes of this subsection, purchasing a marijuana item includes accepting a marijuana item, and possessing a marijuana item includes consuming a marijuana item, provided that the consumption of the marijuana item occurred no more than 24 hours before the determination that the person consumed the marijuana item.

(2) Except as authorized by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** by rule, or as necessary in an emergency, a person under 21 years of age may not enter or attempt to enter any portion of a premises that is posted or otherwise identified as being prohibited to the use of persons under 21 years of age.

(3)(a) Except as provided in paragraph (b) of this subsection, a person who violates subsection (1) or (2) of this section commits a Class B violation.

(b) A person commits a Class A violation if the person violates subsection (1) of this section by reason of possessing a marijuana item while the person is operating a motor vehicle as defined in ORS 801.360.

(4) In addition to and not in lieu of any other penalty established by law:

(a) The court may require a person who violates subsection (1) of this section through misrepresentation of age to perform community service; and

(b) The court shall order that, when a person violates subsection (1) of this section, the person's driving privileges and right to apply for driving privileges be suspended pursuant to ORS 809.260 and 809.280. The court notification made to the Department of Transportation under this paragraph may include a recommendation that the person be granted a hardship permit under ORS 807.240 if the person is otherwise eligible for the permit.

(5) If a person cited under this section is at least 13 years of age but less than 21 years of age at the time the person is found in default under ORS 153.102 or 419C.472 for failure to appear, in addition to and not in lieu of any other penalty established by law, the court shall issue notice under ORS 809.220 to the department for the department to suspend the person's driving privileges under ORS 809.280 (4).

(6) In addition to and not in lieu of any penalty established by law, the court may order a person who violates this section to undergo assessment and treatment. The court shall order a person to undergo assessment and treatment if the person has previously been found to have violated this section.

(7) The prohibitions of this section do not apply to a person under 21 years of age who is acting under the direction of the commission or under the direction of state or local law enforcement agencies for the purpose of investigating possible violations of laws prohibiting sales of marijuana items to persons who are under 21 years of age.

(8) The prohibitions of this section do not apply to a person under 21 years of age who is acting under the direction of a licensee for the purpose of investigating possible violations by employees of the licensee of laws prohibiting sales of marijuana items to persons who are under 21 years of age.

(9)(a) A person under 21 years of age is not in violation of, and is immune from prosecution under, this section if:

(A) The person contacted emergency medical services or a law enforcement agency in order to obtain medical assistance for another person who was in need of medical assistance because that person consumed a marijuana item and the evidence of the violation was obtained as a result of the person's having contacted emergency medical services or a law enforcement agency; or

(B) The person was in need of medical assistance because the person consumed a marijuana item and the evidence of the violation was obtained as a result of the person's having sought or obtained the medical assistance.

(b) Paragraph (a) of this subsection does not exclude the use of evidence obtained as a result of a person's having sought medical assistance in proceedings for crimes or offenses other than a violation of this section.

SECTION 236. ORS 475B.376 is amended to read:

475B.376. (1) As used in this section, "marijuana paraphernalia" means an object that is marketed to be used for, or that is designed for, planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, containing, concealing, injecting, ingesting, inhaling or otherwise introducing into the human body a marijuana item. "Marijuana paraphernalia" does not include hypodermic syringes or needles.

(2) It is unlawful for a person to sell or deliver, to possess with intent to sell or deliver or to manufacture with intent to sell or deliver marijuana paraphernalia to a person who is under 21 years of age, knowing that the marijuana paraphernalia will be used for the purpose for which it was marketed or designed.

(3) Violation of this section is a Class B violation.

(4) Subject to the provisions of ORS chapter 131A, and notwithstanding the violation classification specified in subsection (3) of this section, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may purchase, possess, seize or dispose of marijuana paraphernalia as is necessary for the commission to ensure compliance with and enforce this section and any rule adopted under this section.

(5) In determining whether an object is marijuana paraphernalia under this section or drug paraphernalia under ORS 475.525, a trier of fact in an administrative or judicial proceeding must consider, in addition to any other relevant factor, the following:

- (a) Any oral or written instruction provided with the object related to the object's use;
- (b) Any descriptive material packaged with the object that explains or depicts the object's use;
- (c) Any national or local advertising related to the object's use;
- (d) Any proffered expert testimony related to the object's use;
- (e) The manner in which the object is displayed for sale, if applicable; and
- (f) Any other proffered evidence substantiating the object's intended use.

SECTION 237. ORS 475B.409 is amended to read:

475B.409. For purposes of ORS 475B.010 to 475B.545, the provisions of ORS 183.440 apply to subpoenas issued by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** and to subpoenas issued by an authorized agent of the commission.

SECTION 238. ORS 475B.416 is amended to read:

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

SECTION 239. ORS 475B.429 is amended to read:

475B.429. The law enforcement officers of this state may enforce ORS 475B.010 to 475B.545 and assist the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** in detecting violations of ORS 475B.010 to 475B.545 and apprehending offenders. A law enforcement officer who has notice, knowledge or reasonable ground of suspicion of a violation of ORS 475B.010 to

475B.545 shall immediately notify the district attorney who has jurisdiction over the violation and furnish the district attorney who has jurisdiction over the violation with names and addresses of any witnesses to the violation or other information related to the violation.

SECTION 240. ORS 475B.436 is amended to read:

475B.436. (1) When a law enforcement officer arrests a person for violating ORS 475B.010 to 475B.545, the law enforcement officer may take into possession all marijuana items and other property that the arrested person has in possession, or that is on the premises, that apparently is being used in violation of ORS 475B.010 to 475B.545.

(2) If a person arrested as described in this section is convicted, and the court finds that the marijuana items and other property have been used in violation of ORS 475B.010 to 475B.545:

(a) The marijuana items must be forfeited to an appropriate state or local law enforcement agency and must be delivered by the court or law enforcement officer, at the direction of the court, to the law enforcement agency; and

(b) Subject to any other applicable law, the other property must be forfeited to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, and must be delivered by the court or law enforcement officer, at the direction of the court, to the commission.

(3) The commission is authorized to destroy or otherwise dispose of any property the commission receives under subsection (2)(b) of this section, provided that if the commission elects to sell the property, including furniture, furnishings, and equipment and facilities for the storing, serving or using of marijuana items, the clear proceeds of the sale must be credited to the State Treasury and deposited in the Common School Fund.

SECTION 241. ORS 475B.442 is amended to read:

475B.442. The county courts, district attorneys and municipal authorities, immediately upon the conviction of a licensee of a violation of ORS 475B.010 to 475B.545, or of a violation of any other law of this state or ordinance of a city or county located in this state an element of which is the possession, delivery or manufacture of a marijuana item, shall notify the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** of the conviction.

SECTION 242. ORS 475B.496 is amended to read:

475B.496. (1) The governing body of a city or county may repeal an ordinance that prohibits the establishment of any one or more of the following in the area subject to the jurisdiction of the city or in the unincorporated area subject to the jurisdiction of the county:

- (a) Marijuana processing sites registered under ORS 475B.840;
- (b) Medical marijuana dispensaries registered under ORS 475B.858;
- (c) Marijuana producers that hold a license issued under ORS 475B.070;
- (d) Marijuana processors that hold a license issued under ORS 475B.090;
- (e) Marijuana wholesalers that hold a license issued under ORS 475B.100;
- (f) Marijuana retailers that hold a license issued under ORS 475B.105;

(g) Marijuana producers that hold a license issued under ORS 475B.070 and that the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** has designated as an exclusively medical licensee under ORS 475B.122;

(h) Marijuana processors that hold a license issued under ORS 475B.090 and that the commission has designated as an exclusively medical licensee under ORS 475B.127;

(i) Marijuana wholesalers that hold a license issued under ORS 475B.100 and that the commission has designated as an exclusively medical licensee under ORS 475B.129;

(j) Marijuana retailers that hold a license issued under ORS 475B.105 and that the commission has designated as an exclusively medical licensee under ORS 475B.131; or

(k) Any combination of the entities described in this subsection.

(2) If the governing body of a city or county repeals an ordinance under this section, the governing body must provide the text of the ordinance:

(a) To the Oregon Health Authority, in a form and manner prescribed by the authority, if the ordinance concerns a medical marijuana dispensary registered under ORS 475B.858 or a marijuana processing site registered under ORS 475B.840; or

(b)(A) To the commission, in a form and manner prescribed by the commission, if the ordinance concerns a premises for which a license has been issued under ORS 475B.010 to 475B.545; and

(B) To the Oregon Department of Administrative Services, in a form and manner prescribed by the department, within 30 days of enactment of the repeal of the ordinance, if the ordinance concerns a premises for which issuance of a license is required under ORS 475B.070, 475B.090, 475B.100 or 475B.105.

SECTION 243. ORS 475B.501 is amended to read:

475B.501. The Oregon Health Authority shall assist and cooperate with the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** and the State Department of Agriculture to the extent necessary for the commission and the department to carry out the duties of the commission and the department under ORS 475B.010 to 475B.545.

SECTION 244. ORS 475B.506 is amended to read:

475B.506. The State Department of Agriculture shall assist and cooperate with the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** and the Oregon Health Authority to the extent necessary for the commission and the authority to carry out the duties of the commission and the authority under ORS 475B.010 to 475B.545.

SECTION 245. ORS 475B.514 is amended to read:

475B.514. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, the State Department of Agriculture and the Oregon Health Authority may not refuse to perform any duty under ORS 475B.010 to 475B.545 on the basis that manufacturing, distributing, dispensing, possessing or using marijuana is prohibited by federal law.

(2) The commission may not revoke or refuse to issue or renew a license, certificate or permit under ORS 475B.010 to 475B.545 on the basis that manufacturing, distributing, dispensing, possessing or using marijuana is prohibited by federal law.

SECTION 246. ORS 475B.518 is amended to read:

475B.518. A person may not sue the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** or a member of the commission, the State Department of Agriculture or the Oregon Health Authority, or any employee of the commission, department or authority, for performing or omitting to perform any duty, function or power of the commission, department or authority set forth in ORS 475B.010 to 475B.545 or in any other law of this state requiring the commission, department or authority to perform a duty, function or power related to marijuana items.

SECTION 247. Section 3, chapter 464, Oregon Laws 2019, is amended to read:

Sec. 3. (1) Section 2, **chapter 464, Oregon Laws 2019**, [*of this 2019 Act*] becomes operative on the earlier of the date on which:

(a) Federal law is amended to allow for the interstate transfer of marijuana items between authorized marijuana-related businesses; or

(b) The United States Department of Justice issues an opinion or memorandum allowing or tolerating the interstate transfer of marijuana items between authorized marijuana-related businesses.

(2) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall notify the interim committees of the Legislative Assembly related to the judiciary and the Legislative Counsel upon the occurrence of an event described in subsection (1) of this section.

SECTION 248. ORS 475B.537 is amended to read:

475B.537. The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall maintain a telephone hotline for the following persons to inquire if an address is the location of a premises for which a license has been issued under ORS 475B.010 to 475B.545 or is the location of a premises for which an application for licensure has been submitted under ORS 475B.040:

(1) A person designated by a city or a county;

(2) A person designated by the Water Resources Department; and

(3) A person designated by the watermaster of any water district.

SECTION 249. ORS 475B.539 is amended to read:

475B.539. (1) Notwithstanding ORS 475B.206 or any other provision prohibiting the transportation of marijuana items to or from a location for which a license has not been issued under ORS 475B.010 to 475B.545 or prohibiting the possession of marijuana items at a location for which a license has not been issued under ORS 475B.010 to 475B.545, a licensee may transport marijuana items to and exhibit marijuana items at a trade show, the Oregon State Fair or a similar event if:

(a) The marijuana items are tracked using the system developed and maintained under ORS 475B.177;

(b) All of the marijuana items are returned to a premises for which a license has been issued under ORS 475B.010 to 475B.545 immediately after the conclusion of the event; and

(c) The licensee complies with any other requirement imposed by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** by rule or order for the purpose of ensuring the security of the marijuana items, for the purpose of preventing minors from having access to the marijuana items or for any other purpose deemed relevant by the commission.

(2) The commission shall adopt rules to implement this section.

SECTION 250. ORS 475B.541 is amended to read:

475B.541. (1) Subject to subsection (2) of this section, information is exempt from public disclosure under ORS 192.311 to 192.478 if the information is:

(a) The address of a premises for which a license has been issued or for which an applicant has proposed licensure under ORS 475B.070, 475B.090 or 485B.100;

(b) Is related to the security plan or the operational plan for a premises for which a license has been issued or for which an applicant has proposed licensure under ORS 475B.010 to 475B.545; or

(c) Is related to any record that the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** determines contains proprietary information of a licensee.

(2) The exemption from public disclosure as provided by this section does not apply to a request for information if the request is made by a law enforcement agency.

SECTION 251. ORS 475B.548 is amended to read:

475B.548. (1) As used in this section, “marijuana” and “marijuana item” have the meanings given those terms in ORS 475B.015.

(2) On or before February 1 of each odd-numbered year, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall report to the Legislative Assembly in the manner required by ORS 192.245, the approximate amount of marijuana produced by marijuana producers that hold a license issued under ORS 475B.070 and the approximate amount of marijuana items sold by marijuana retailers that hold a license issued under ORS 475B.105, and whether the supply of marijuana in this state is commensurate with the demand for marijuana items in this state.

SECTION 252. ORS 475B.555 is amended to read:

475B.555. (1) As is necessary to protect the public health and safety, and in consultation with the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** and the State Department of Agriculture, the Oregon Health Authority shall adopt rules:

(a) Establishing standards for testing marijuana items.

(b) Identifying appropriate tests for marijuana items, depending on the type of marijuana item and the manner in which the marijuana item was produced or processed, that are necessary to protect the public health and safety, including, but not limited to, tests for:

(A) Microbiological contaminants;

(B) Pesticides;

(C) Other contaminants;

(D) Solvents or residual solvents; and

(E) Tetrahydrocannabinol and cannabidiol concentration.

(c) Establishing procedures for determining batch sizes and for sampling usable marijuana, cannabinoid products and cannabinoid concentrates or extracts.

(d) Establishing different minimum standards for different varieties of usable marijuana and different types of cannabinoid products and cannabinoid concentrates and extracts.

(2) In addition to the testing requirements established under subsection (1) of this section, the authority or the commission may require cannabinoid edibles to be tested in accordance with any applicable law of this state, or any applicable rule adopted under a law of this state, related to the production and processing of food products or commodities.

(3) In adopting rules under ORS 475B.785 to 475B.949, the authority may require:

(a) A person responsible for a marijuana grow site under ORS 475B.810 to test usable marijuana before transferring the usable marijuana to a registrant other than an individual who holds a registry identification card under ORS 475B.797; and

(b) A person processing marijuana to test cannabinoid products or cannabinoid concentrates or extracts before transferring the cannabinoid products or cannabinoid concentrates or extracts to a registrant other than an individual who holds a registry identification card under ORS 475B.797.

(4) In adopting rules under ORS 475B.010 to 475B.545, the commission may require:

(a) A marijuana producer that holds a license under ORS 475B.070 or a marijuana wholesaler that holds a license under ORS 475B.100 to test usable marijuana before selling or transferring the usable marijuana; and

(b) A marijuana processor that holds a license under ORS 475B.090 or a marijuana wholesaler that holds a license under ORS 475B.100 to test cannabinoid products or cannabinoid concentrates or extracts before selling or transferring the cannabinoid products or cannabinoid concentrates or extracts.

(5) The authority and the commission may conduct random testing of marijuana items for the purpose of determining whether a person subject to testing under subsection (3) of this section or a licensee subject to testing under subsection (4) of this section is in compliance with this section.

(6) In adopting rules to implement this section, the authority and commission may not require a marijuana item to undergo the same test more than once unless the marijuana item is processed into a different type of marijuana item or the condition of the marijuana item has fundamentally changed.

(7) The testing of marijuana items as required by this section must be conducted by a laboratory licensed by the commission under ORS 475B.560 and accredited by the authority under ORS 475B.565.

(8) In adopting rules under subsection (1) of this section, the authority:

(a) Shall consider the cost of a potential testing procedure and how that cost will affect the cost to the ultimate consumer of the marijuana item; and

(b) May not adopt rules that are more restrictive than is reasonably necessary to protect the public health and safety.

SECTION 253. ORS 475B.560 is amended to read:

475B.560. (1) A laboratory that conducts testing of marijuana items as required by ORS 475B.555 must have a license to operate at the premises at which the marijuana items are tested.

(2) For purposes of this section, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall adopt rules establishing:

(a) Qualifications to be licensed under this section, including that an applicant for licensure under this section must be accredited by the Oregon Health Authority as described in ORS 475B.565;

(b) Processes for applying for and renewing a license under this section;

(c) Fees for applying for, receiving and renewing a license under this section; and

(d) Procedures for:

(A) Tracking usable marijuana, cannabinoid products and cannabinoid concentrates or extracts to be tested;

(B) Documenting and reporting test results; and

(C) Disposing of samples of usable marijuana, cannabinoid products and cannabinoid concentrates or extracts that have been tested.

(3) A license issued under this section must be renewed annually.

(4) The commission may inspect premises licensed under this section to ensure compliance with ORS 475B.550 to 475B.590 and rules adopted under ORS 475B.550 to 475B.590.

(5) Subject to the applicable provisions of ORS chapter 183, the commission may refuse to issue or renew, or may suspend or revoke, a license issued under this section for violation of:

(a) A provision of ORS 475B.550 to 475B.590 or a rule adopted under a provision of ORS 475B.550 to 475B.590; or

(b) A provision of ORS 475B.010 to 475B.545 or a rule adopted under a provision of ORS 475B.010 to 475B.545.

(6) Fees adopted under subsection (2)(c) of this section must be reasonably calculated to pay the expenses incurred by the commission under ORS 475B.550 to 475B.590.

(7) Fee moneys collected under this section shall be deposited in the Marijuana Control and Regulation Fund established under ORS 475B.296 and are continuously appropriated to the commission for the purpose of carrying out the duties, functions and powers of the commission under ORS 475B.550 to 475B.590.

SECTION 254. ORS 475B.562 is amended to read:

475B.562. For the purpose of requesting a state or nationwide criminal records check under ORS 181A.195, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may require the fingerprints of any individual listed on an application submitted under ORS 475B.560. The powers conferred on the commission under this section include the power to require the fingerprints of:

- (1) If the applicant is a limited partnership, each partner of the limited partnership;
- (2) If the applicant is a limited liability company, each member of the limited liability company;
- (3) If the applicant is a corporation, each director and officer of the corporation;
- (4) Any individual who holds a financial interest of 10 percent or more in the person applying for the license; and
- (5) Any individual who is a partner, member, director or officer of a legal entity with a financial interest in the person applying for the license.

SECTION 255. ORS 475B.564 is amended to read:

475B.564. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may require a licensee or applicant for a license under ORS 475B.560 to submit, in a form and manner prescribed by the commission, to the commission a sworn statement showing:

- (a) The name and address of each person that has a financial interest in the business operating or to be operated under the license; and
- (b) The nature and extent of the financial interest of each person that has a financial interest in the business operating or to be operated under the license.

(2) The commission may refuse to issue, or may suspend, revoke or refuse to renew, a license issued under ORS 475B.560 if the commission determines that a person that has a financial interest in the business operating or to be operated under the license committed or failed to commit an act that would constitute grounds for the commission to refuse to issue, or to suspend, revoke or refuse to renew, the license if the person were the licensee or applicant for the license.

SECTION 256. ORS 475B.575 is amended to read:

475B.575. Subject to the applicable provisions of ORS chapter 183, if an applicant or licensee violates a provision of ORS 475B.550 to 475B.590 or a rule adopted under a provision of ORS 475B.550 to 475B.590, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may refuse to issue or renew, or may suspend or revoke, a license issued under ORS 475B.070, 475B.090, 475B.100 or 475B.105.

SECTION 257. ORS 475B.577 is amended to read:

475B.577. (1) Notwithstanding the lapse, suspension or revocation of a license issued under ORS 475B.560, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may:

- (a) Proceed with any investigation of, or any action or disciplinary proceeding against, the person who held the license; or
- (b) Revise or render void an order suspending or revoking the license.

(2) In cases involving the proposed denial of a license issued under ORS 475B.560, the applicant for licensure may not withdraw the applicant's application.

SECTION 258. ORS 475B.593 is amended to read:

475B.593. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall establish an advisory committee to advise the commission, the Oregon Health Authority and the State Department of Agriculture on establishing and maintaining standards for testing the potency of marijuana and marijuana items, as those terms are defined in ORS 475B.015. The members of the committee must include members who are:

- (a) Representatives of the commission, the authority and the department;
- (b) Stakeholders in the marijuana industry; and
- (c) Individuals who have expertise in the potency testing of marijuana and marijuana items.

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

SECTION 259. ORS 475B.605 is amended to read:

475B.605. (1) As is necessary to protect the public health and safety, and in consultation with the Oregon Health Authority and the State Department of Agriculture, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall adopt rules establishing standards for the labeling of marijuana items, including but not limited to:

(a) Ensuring that usable marijuana, cannabinoid concentrates and extracts, cannabinoid edibles and other cannabinoid products have labeling that communicates:

- (A) Health and safety warnings;
- (B) If applicable, activation time;
- (C) Potency;

(D) For cannabinoid products and cannabinoid concentrates and extracts, serving size and the number of servings included in a cannabinoid product or cannabinoid concentrate or extract package; and

(E) Content of the marijuana item; and

(b) Labeling that is in accordance with applicable state food labeling requirements for the same type of food product or potable liquid when the food product or potable liquid does not contain marijuana or cannabinoids.

(2) In adopting rules under ORS 475B.785 to 475B.949, the authority shall require all usable marijuana, cannabinoid products and cannabinoid concentrates and extracts transferred by a medical marijuana dispensary registered under ORS 475B.858 to be labeled in accordance with subsection (1) of this section and rules adopted under subsection (1) of this section.

(3) In adopting rules under ORS 475B.010 to 475B.545, the commission shall require all usable marijuana, cannabinoid products and cannabinoid concentrates and extracts sold or transferred by a marijuana retailer that holds a license issued under ORS 475B.105 to be labeled in accordance with subsection (1) of this section and rules adopted under subsection (1) of this section.

(4) In adopting rules under subsection (1) of this section, the commission:

(a) May establish different labeling standards for different varieties of usable marijuana and for different types of cannabinoid products and cannabinoid concentrates and extracts;

(b) May establish different minimum labeling standards for persons registered under ORS 475B.785 to 475B.949 and persons licensed under ORS 475B.010 to 475B.545;

(c) Shall consider the cost of a potential requirement and how that cost will affect the cost to the ultimate consumer of the marijuana item; and

(d) May not adopt rules that are more restrictive than is reasonably necessary to protect the public health and safety.

SECTION 260. ORS 475B.610 is amended to read:

475B.610. (1) As used in this section:

(a) "Licensee" has the meaning given that term in ORS 475B.015.

(b) "Registrant" means a person registered under ORS 475B.785 to 475B.949.

(2) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may by rule require a licensee, and the Oregon Health Authority may by rule require a registrant, to submit a label intended for use on a marijuana item for preapproval by the commission before the licensee or registrant may sell or transfer a marijuana item bearing the label. The commission shall

determine whether a label submitted under this section complies with ORS 475B.605 and any rule adopted under ORS 475B.605.

(3) The commission may impose a fee for submitting a label for preapproval under this section that is reasonably calculated to not exceed the cost of administering this section.

SECTION 261. ORS 475B.615 is amended to read:

475B.615. (1) As is necessary to protect the public health and safety, and in consultation with the Oregon Health Authority and the State Department of Agriculture, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall adopt rules establishing standards for the packaging of marijuana items, including but not limited to:

(a) Ensuring that usable marijuana, cannabinoid concentrates and extracts, cannabinoid edibles and other cannabinoid products are:

(A) Packaged in child-resistant safety packaging; and

(B) Not marketed in a manner that:

(i) Is untruthful or misleading;

(ii) Is attractive to minors; or

(iii) Otherwise creates a significant risk of harm to public health and safety; and

(b) Ensuring that cannabinoid edibles and other cannabinoid products are not packaged in a manner that is attractive to minors.

(2) In adopting rules under ORS 475B.785 to 475B.949, the authority shall require all usable marijuana, cannabinoid products and cannabinoid concentrates and extracts transferred by a medical marijuana dispensary registered under ORS 475B.858 to be packaged in accordance with subsection (1) of this section and rules adopted under subsection (1) of this section.

(3) In adopting rules under ORS 475B.010 to 475B.545, the commission shall require all usable marijuana, cannabinoid products and cannabinoid concentrates and extracts sold or transferred by a marijuana retailer that holds a license under ORS 475B.105 to be packaged in accordance with subsection (1) of this section and rules adopted under subsection (1) of this section.

(4) In adopting rules under subsection (1) of this section the commission:

(a) May establish different packaging standards for different varieties of usable marijuana and for different types of cannabinoid products and cannabinoid concentrates and extracts;

(b) May establish different minimum packaging standards for persons registered under ORS 475B.785 to 475B.949 and persons licensed under ORS 475B.010 to 475B.545;

(c) May consider the effect on the environment of requiring certain packaging;

(d) Shall consider the cost of a potential requirement and how that cost will affect the cost to the ultimate consumer of the marijuana item; and

(e) May not adopt rules that are more restrictive than is reasonably necessary to protect the public health and safety.

SECTION 262. ORS 475B.620 is amended to read:

475B.620. (1) As used in this section:

(a) "Licensee" has the meaning given that term in ORS 475B.015.

(b) "Registrant" means a person registered under ORS 475B.785 to 475B.949.

(2) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may by rule require a licensee, and the Oregon Health Authority may by rule require a registrant, to submit packaging intended for a marijuana item for preapproval by the commission before the licensee or registrant may sell or transfer a marijuana item packaged in the packaging. The commission shall determine whether packaging submitted under this section complies with ORS 475B.615 and any rule adopted under ORS 475B.615.

(3) The commission may impose a fee for submitting packaging for preapproval under this section that is reasonably calculated to not exceed the cost of administering this section.

SECTION 263. ORS 475B.625 is amended to read:

475B.625. (1) The Oregon Health Authority shall adopt rules establishing:

(a) The maximum concentration of tetrahydrocannabinol that is permitted in a single serving of a cannabinoid product or cannabinoid concentrate or extract; and

(b) The number of servings that are permitted in a cannabinoid product or cannabinoid concentrate or extract package.

(2)(a) In adopting rules under subsection (1)(a) of this section, the authority shall prescribe the different levels of concentration of tetrahydrocannabinol that is permitted in a single serving of a cannabinoid product or cannabinoid concentrate or extract for:

(A) Consumers who hold a valid registry identification card issued under ORS 475B.797; and

(B) Consumers who do not hold a valid registry identification card issued under ORS 475B.797.

(b) In prescribing the levels of concentration of tetrahydrocannabinol that is permitted in a single serving of a cannabinoid product or cannabinoid concentrate or extract for consumers who hold a valid registry identification card issued under ORS 475B.797, the authority shall consider the appropriate level of concentration necessary to mitigate the symptoms or effects of a debilitating medical condition, as defined in ORS 475B.791.

(3) In adopting rules under ORS 475B.785 to 475B.949, the authority shall require all usable marijuana, cannabinoid products and cannabinoid concentrates and extracts transferred by a medical marijuana dispensary registered under ORS 475B.858 to meet the concentration standards and packaging standards adopted by rule pursuant to this section.

(4) In adopting rules under ORS 475B.010 to 475B.545, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall require all usable marijuana, cannabinoid products and cannabinoid concentrates and extracts sold or transferred by a marijuana retailer that holds a license under ORS 475B.105 to meet the concentration standards and packaging standards adopted by rule pursuant to this section.

SECTION 264. ORS 475B.635 is amended to read:

475B.635. To ensure compliance with ORS 475B.600 to 475B.655 and any rule adopted under ORS 475B.600 to 475B.655, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may inspect the premises of a person that holds a license under ORS 475B.070, 475B.090, 475B.100 or 475B.105.

SECTION 265. ORS 475B.645 is amended to read:

475B.645. Subject to the applicable provisions of ORS chapter 183, if the applicant or licensee violates a provision of ORS 475B.600 to 475B.655 or a rule adopted under a provision of ORS 475B.600 to 475B.655, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may refuse to issue or renew, or may suspend or revoke, a license issued under ORS 475B.070, 475B.090, 475B.100 or 475B.105.

SECTION 266. ORS 475B.655 is amended to read:

475B.655. (1) In addition to any other liability or penalty provided by law, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may impose for each violation of a provision of ORS 475B.600 to 475B.655, or a rule adopted under a provision of ORS 475B.600 to 475B.655, a civil penalty that does not exceed \$500 for each day that the violation occurs.

(2) The commission shall impose civil penalties under this section in the manner provided by ORS 183.745.

(3) Moneys collected under this section shall be deposited in the Marijuana Control and Regulation Fund established under ORS 475B.296 and are continuously appropriated to the commission for the purpose of carrying out the duties, functions and powers of the authority under ORS 475B.600 to 475B.655.

SECTION 267. ORS 475B.705 is amended to read:

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

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

(a) 17 percent of the retail sales price of usable marijuana;

(b) 17 percent of the retail sales price of immature marijuana plants;

(c) 17 percent of the retail sales price of a cannabinoid edible;

- (d) 17 percent of the retail sales price of a cannabinoid concentrate;
- (e) 17 percent of the retail sales price of a cannabinoid extract;
- (f) 17 percent of the retail sales price of a cannabinoid product that is intended to be used by applying the cannabinoid product to the skin or hair; and
- (g) 17 percent of the retail sales price of cannabinoid products other than those described in paragraph (f) of this subsection.

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

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

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

- (a) Hiding or removing records of retail sales of marijuana items; or
- (b) Falsifying records of retail sales of marijuana items.

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

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

SECTION 268. ORS 475B.710 is amended to read:

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

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

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

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

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

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

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

- (a) Impose a penalty in the manner provided in ORS 314.400; and
- (b) If the department has issued to the marijuana retailer a distraint warrant or notice of determination and assessment under ORS 475B.715, provide written notification to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** of the issuance of the distraint warrant or notice of determination and assessment.

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

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

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

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

SECTION 269. ORS 475B.712 is amended to read:

475B.712. (1) Not later than 30 days before the beginning of each calendar quarter, the Oregon Department of Administrative Services shall forecast and prepare an estimate of the revenue that will be received during the remainder of the current biennium and subsequent three biennia pursuant to the tax imposed under ORS 475B.705. The estimate may be made on the basis of all pertinent information available to the Oregon Department of Administrative Services. Upon making the estimate, the Oregon Department of Administrative Services shall report the estimate to the Legislative Revenue Officer, the Legislative Fiscal Officer and the Department of Revenue.

(2) The Department of Revenue and the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall provide the Oregon Department of Administrative Services with any information necessary for the Oregon Department of Administrative Services to perform its duties under this section.

SECTION 270. ORS 475B.730 is amended to read:

475B.730. (1) Notwithstanding the confidentiality provisions of ORS 475B.755, the Department of Revenue may disclose information received under ORS 317.363 and 475B.700 to 475B.760 to:

(a) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** to carry out the provisions of ORS 475B.010 to 475B.545 and 475B.700 to 475B.760; and

(b) The Oregon Health Authority to carry out the provisions of ORS 475B.707.

(2) The commission may disclose information obtained pursuant to ORS 475B.010 to 475B.545 and 475B.700 to 475B.760 to the department for the purpose of carrying out the provisions of ORS 475B.010 to 475B.545 and 475B.700 to 475B.760.

(3) The authority may disclose information obtained pursuant to ORS 475B.797 or 475B.804 to the department for the purpose of carrying out the provisions of ORS 475B.707, provided that the authority does not disclose personally identifiable information.

SECTION 271. ORS 475B.750 is amended to read:

475B.750. (1) The Department of Revenue shall administer and enforce ORS 475B.700 to 475B.760. The department is authorized to establish rules and procedures for the implementation and enforcement of ORS 475B.700 to 475B.760 that are consistent with ORS 475B.700 to 475B.760 and that the department considers necessary and appropriate to administer and enforce ORS 475B.700 to 475B.760.

(2) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall enter into an agreement with the department for the purpose of administering and enforcing those provisions of ORS 475B.700 to 475B.760, and rules or procedures established for the purpose of implementing and enforcing ORS 475B.700 to 475B.760, that the commission and the department determine are necessary for the effective and efficient administration, implementation and enforcement of ORS 475B.700 to 475B.760.

(3) The Oregon Health Authority shall enter into an agreement with the department for the purpose of administering and enforcing the provisions of ORS 475B.707, and rules or procedures established for the purpose of implementing and enforcing ORS 475B.707, that the authority and the department determine are necessary for the effective and efficient administration, implementation and enforcement of ORS 475B.707.

SECTION 272. ORS 475B.769 is amended to read:

475B.769. (1) Notwithstanding any law relating to the exemption of information from public disclosure under ORS 475B.010 to 475B.545 or 475B.550 to 475B.590, upon the request of a financial

institution, the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall provide to the financial institution the following information:

(a) Whether a person with whom the financial institution is doing business holds a license under ORS 475B.070, 475B.090, 475B.100, 475B.105 or 475B.560 or a permit under ORS 475B.266;

(b) The name of any other business or individual affiliated with the person;

(c) A copy of the application, and any supporting documentation submitted with the application, for a license or a permit submitted by the person;

(d) If applicable, data relating to sales and the volume of product sold by the person;

(e) Whether the person is currently compliant with the provisions of ORS 475B.010 to 475B.545, 475B.550 to 475B.590 and 475B.600 to 475B.655 and rules adopted under ORS 475B.010 to 475B.545, 475B.550 to 475B.590 and 475B.600 to 475B.655;

(f) Any past or pending violation by the person of a provision of ORS 475B.010 to 475B.545, 475B.550 to 475B.590 or 475B.600 to 475B.655 or a rule adopted under ORS 475B.010 to 475B.545, 475B.550 to 475B.590 or 475B.600 to 475B.655; and

(g) Any penalty imposed upon the person for violating a provision of ORS 475B.010 to 475B.545, 475B.550 to 475B.590 or 475B.600 to 475B.655 or a rule adopted under ORS 475B.010 to 475B.545, 475B.550 to 475B.590 or 475B.600 to 475B.655.

(2) Upon receiving a request under subsection (1) of this section, the commission shall provide the requesting financial institution with the requested information.

(3) The commission may charge a financial institution a reasonable fee to cover the administrative costs of providing information under this section.

SECTION 273. ORS 475B.791 is amended to read:

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

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

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

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

(a) A mechanical extraction process;

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

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

(d) Any other process identified by the Oregon Health Authority, in consultation with the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, by rule.

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

(5) "Cannabinoid extract" means a substance obtained by separating cannabinoids from marijuana by:

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

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

(c) Any other process identified by the Oregon Health Authority, in consultation with the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, by rule.

(6) "Debilitating medical condition" means:

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

(b) A medical condition or treatment for a medical condition that produces, for a specific patient, one or more of the following:

- (A) Cachexia;
 - (B) Severe pain;
 - (C) Severe nausea;
 - (D) Seizures, including seizures caused by epilepsy; or
 - (E) Persistent muscle spasms, including spasms caused by multiple sclerosis;
 - (c) Post-traumatic stress disorder; or
 - (d) Any other medical condition or side effect related to the treatment of a medical condition adopted by the Oregon Health Authority by rule or approved by the authority pursuant to a petition filed under ORS 475B.946.
- (7)(a) “Delivery” has the meaning given that term in ORS 475.005.
- (b) “Delivery” does not include transfer of marijuana by a registry identification cardholder to another registry identification cardholder if no consideration is paid for the transfer.
- (8)(a) “Designated primary caregiver” means an individual:
- (A) Who is 18 years of age or older;
 - (B) Who has significant responsibility for managing the well-being of a person who has been diagnosed with a debilitating medical condition; and
 - (C) Who is designated as the person responsible for managing the well-being of a person who has been diagnosed with a debilitating medical condition on that person’s application for a registry identification card or in other written notification submitted to the authority.
- (b) “Designated primary caregiver” does not include a person’s attending physician.
- (9) “High heat” means a temperature exceeding 180 degrees.
- (10) “Immature marijuana plant” means a marijuana plant that is not flowering.
- (11)(a) “Marijuana” means the plant Cannabis family Cannabaceae, any part of the plant Cannabis family Cannabaceae and the seeds of the plant Cannabis family Cannabaceae.
- (b) “Marijuana” does not include:
- (A) Industrial hemp, as defined in ORS 571.269; or
 - (B) Prescription drugs, as that term is defined in ORS 689.005, including those containing one or more cannabinoids, that are approved by the United States Food and Drug Administration and dispensed by a pharmacy, as defined in ORS 689.005.
- (12) “Marijuana grow site” means a location registered under ORS 475B.810 where marijuana is produced for use by a registry identification cardholder.
- (13) “Marijuana processing site” means a marijuana processing site registered under ORS 475B.840 or a site for which an applicant has submitted an application for registration under ORS 475B.840.
- (14) “Mature marijuana plant” means a marijuana plant that is not an immature marijuana plant.
- (15)(a) “Medical cannabinoid product” means a cannabinoid edible and any other product intended for human consumption or use, including a product intended to be applied to a person’s skin or hair, that contains cannabinoids or dried leaves or flowers of marijuana.
- (b) “Medical cannabinoid product” does not include:
- (A) Usable marijuana by itself;
 - (B) A cannabinoid concentrate by itself;
 - (C) A cannabinoid extract by itself; or
 - (D) Industrial hemp, as defined in ORS 571.269.
- (16) “Medical marijuana dispensary” means a medical marijuana dispensary registered under ORS 475B.858 or a site for which an applicant has submitted an application for registration under ORS 475B.858.
- (17) “Medical use of marijuana” means the production, processing, possession, delivery or administration of marijuana, or use of paraphernalia used to administer marijuana, to mitigate the symptoms or effects of a debilitating medical condition.
- (18) “Person designated to produce marijuana by a registry identification cardholder” means a person designated to produce marijuana by a registry identification cardholder under ORS 475B.810

who produces marijuana for a registry identification cardholder at an address other than the address where the registry identification cardholder resides or at an address where more than 12 mature marijuana plants are produced.

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

(20) "Production" means:

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

(b) Drying marijuana leaves or flowers.

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

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

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

(b) "Usable marijuana" does not include:

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

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

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

SECTION 274. ORS 475B.825 is amended to read:

475B.825. (1) Subject to subsection (2) of this section, a marijuana grow site may transfer up to 20 pounds of usable marijuana per year to a person that holds a license issued under ORS 475B.090 or 475B.100, provided that:

(a) The transfer is tracked using the system developed and maintained under ORS 475B.177;

(b) More than 12 mature marijuana plants are produced at the marijuana grow site;

(c) The usable marijuana has been assigned to the person responsible for the marijuana grow site pursuant to ORS 475B.822;

(d) The usable marijuana has been tested in accordance with the provisions of ORS 475B.550 to 475B.590; and

(e) The marijuana grow site first registered with the Oregon Health Authority under ORS 475B.810 on or before August 2, 2017.

(2) If the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** determines that the supply of marijuana items offered for sale by marijuana retailers that hold a license issued under ORS 475B.105 is exceeding consumer demand for the marijuana items, and if the commission determines that the market for marijuana items in this state will not self-correct for the excess, the commission may issue an order that temporarily reduces the amount of usable marijuana that may be transferred pursuant to this section or that temporarily suspends the ability to transfer usable marijuana pursuant to this section.

SECTION 275. ORS 475B.828 is amended to read:

475B.828. ORS 475B.895 does not authorize the Oregon Health Authority or the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** to require a marijuana grow site to use a security system or any component of a security system, such as video surveillance, an alarm system, sensors or physical barriers.

SECTION 276. ORS 475B.892 is amended to read:

475B.892. (1) Except as provided in subsection (5) of this section, the Oregon Health Authority shall establish, maintain and operate an electronic system for the keeping of information received by the authority under ORS 475B.797 and 475B.810 or information included on a registry identification card issued under ORS 475B.797 or on a marijuana grow site registration card issued under ORS 475B.810.

(2) The authority may contract with a state agency or private entity to ensure the effective establishment, maintenance or operation of the electronic system.

(3) Except as provided in subsection (4) of this section, information kept in the electronic system is confidential and not subject to public disclosure under ORS 192.311 to 192.478. Except as provided in subsection (4) of this section, the authority may not disclose the information for any reason.

(4) Except as provided in subsection (5) of this section, the authority shall establish the electronic system in a manner that allows the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** and the Department of Revenue to remotely access the electronic system. Information disclosed to the commission and the department under this subsection remains confidential and not subject to public disclosure under ORS 192.311 to 192.478. The commission and the department may not disclose the information for any reason.

(5) The authority is not required to keep in the database, and the commission and the department may not access, the following types of information:

(a) Information related to the debilitating condition of a registry identification cardholder; or

(b) The contact information or address of a registry identification cardholder or a designated primary caregiver, unless the contact information or address are the same as the contact information or address of a marijuana grow site.

(6) The electronic system must be immediately accessible by the commission and the department at all times.

SECTION 277. ORS 475B.895 is amended to read:

475B.895. (1) The Oregon Health Authority shall enter into an agreement with the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** under which the commission shall use the system developed and maintained under ORS 475B.177 to track:

(a) The propagation of immature marijuana plants and the production of marijuana by marijuana grow sites;

(b) The processing of marijuana into medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts that are transferred to a medical marijuana dispensary;

(c) The transfer of usable marijuana, immature marijuana plants, medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts by a marijuana grow site or a medical marijuana dispensary to a registry identification cardholder or the designated primary caregiver of a registry identification cardholder; and

(d) The transfer of usable marijuana, immature marijuana plants, medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts between marijuana grow sites, marijuana processing sites and medical marijuana dispensaries.

(2) Marijuana grow sites, marijuana processing sites and medical marijuana dispensaries are subject to tracking under this section.

(3) On and after the date on which a marijuana grow site becomes subject to tracking under this section, the person is exempt from the requirements of ORS 475B.816 and the provisions of ORS 475B.810 that relate to ORS 475B.816.

(4) On and after the date on which a marijuana processing site becomes subject to tracking under this section, the marijuana processing site is exempt from the requirements of ORS 475B.846 and the provisions of ORS 475B.840 that relate to ORS 475B.846.

(5) On and after the date on which a medical marijuana dispensary becomes subject to tracking under this section, the medical marijuana dispensary is exempt from the requirements of ORS 475B.867 and the provisions of ORS 475B.858 that relate to ORS 475B.867.

(6) The commission may conduct inspections and investigations of alleged violations of ORS 475B.785 to 475B.949 about which the commission obtains knowledge as a result of performing the commission's duties under this section. Notwithstanding ORS 475B.299, the commission may use regulatory specialists, as defined in ORS 471.001, to conduct the inspections and investigations, including inspections and investigations of marijuana grow sites located at a primary residence.

(7) When imposing a fee on a person responsible for a marijuana grow site, marijuana processing site or medical marijuana dispensary under ORS 475B.810, 475B.840 or 475B.858, the authority shall impose a fee that is reasonably calculated to pay costs incurred under this section. As part of the agreement entered into under subsection (1) of this section, the authority shall transfer fee moneys

collected pursuant to this subsection to the commission for deposit in the Marijuana Control and Regulation Fund established under ORS 475B.296. Moneys collected pursuant to this subsection and deposited in the Marijuana Control and Regulation Fund are continuously appropriated to the commission for purposes of this section.

(8) The authority and the commission may adopt rules as necessary to administer this section.

(9) This section does not apply to a marijuana grow site located at an address where:

(a) A registry identification cardholder produces marijuana and no more than 12 mature marijuana plants and 24 immature marijuana plants are produced; or

(b)(A) No more than two persons are registered under ORS 475B.810 to produce marijuana; and

(B) The address is used to produce marijuana for no more than two registry identification cardholders.

SECTION 278. ORS 475B.895, as amended by section 7a, chapter 103, Oregon Laws 2018, and section 38, chapter 456, Oregon Laws 2019, is amended to read:

475B.895. (1) The Oregon Health Authority shall enter into an agreement with the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** under which the commission shall use the system developed and maintained under ORS 475B.177 to track:

(a) The propagation of immature marijuana plants and the production of marijuana by marijuana grow sites;

(b) The processing of marijuana into medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts that are transferred to a medical marijuana dispensary;

(c) The transfer of usable marijuana, immature marijuana plants, medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts by a marijuana grow site or a medical marijuana dispensary to a registry identification cardholder or the designated primary caregiver of a registry identification cardholder; and

(d) The transfer of usable marijuana, immature marijuana plants, medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts between marijuana grow sites, marijuana processing sites and medical marijuana dispensaries.

(2) Marijuana grow sites, marijuana processing sites and medical marijuana dispensaries are subject to tracking under this section.

(3) On and after the date on which a marijuana grow site becomes subject to tracking under this section, the person is exempt from the requirements of ORS 475B.816 and the provisions of ORS 475B.810 that relate to ORS 475B.816.

(4) On and after the date on which a marijuana processing site becomes subject to tracking under this section, the marijuana processing site is exempt from the requirements of ORS 475B.846 and the provisions of ORS 475B.840 that relate to ORS 475B.846.

(5) On and after the date on which a medical marijuana dispensary becomes subject to tracking under this section, the medical marijuana dispensary is exempt from the requirements of ORS 475B.867 and the provisions of ORS 475B.858 that relate to ORS 475B.867.

(6) The commission may conduct inspections and investigations of alleged violations of ORS 475B.785 to 475B.949 about which the commission obtains knowledge as a result of performing the commission's duties under this section. Notwithstanding ORS 475B.299, the commission may use regulatory specialists, as defined in ORS 471.001, to conduct the inspections and investigations, including inspections and investigations of marijuana grow sites located at a primary residence.

(7) Notwithstanding ORS 475B.759, before making any other distribution from the Oregon Marijuana Account established under ORS 475B.759, the Department of Revenue shall first distribute moneys quarterly from the account to the commission for deposit in the Marijuana Control and Regulation Fund established under ORS 475B.296 for purposes of paying administrative, inspection and investigatory costs incurred by the commission under this section, provided that the amount of distributed moneys does not exceed \$1.25 million per quarter. For purposes of estimating the amount of moneys necessary to pay costs incurred under this section, the commission shall establish a formulary based on expected costs for each marijuana grow site, marijuana processing site or medical marijuana dispensary that is tracked under this section. The commission shall provide to the

Department of Revenue and the Legislative Fiscal Officer before each quarter the estimated amount of moneys necessary to pay costs expected to be incurred under this section and the formulary.

(8) When imposing a fee on a person responsible for a marijuana grow site, marijuana processing site or medical marijuana dispensary under ORS 475B.810, 475B.840 or 475B.858, the authority shall impose an additional fee that is reasonably calculated to pay costs incurred under this section other than costs paid pursuant to subsection (7) of this section. As part of the agreement entered into under subsection (1) of this section, the authority shall transfer fee moneys collected pursuant to this subsection to the commission for deposit in the Marijuana Control and Regulation Fund established under ORS 475B.296. Moneys collected pursuant to this subsection and deposited in the Marijuana Control and Regulation Fund are continuously appropriated to the commission for purposes of this section.

(9) The authority and the commission may adopt rules as necessary to administer this section.

(10) This section does not apply to a marijuana grow site located at an address where:

(a) A registry identification cardholder produces marijuana and no more than 12 mature marijuana plants and 24 immature marijuana plants are produced; or

(b)(A) No more than two persons are registered under ORS 475B.810 to produce marijuana; and

(B) The address is used to produce marijuana for no more than two registry identification cardholders.

SECTION 279. ORS 475B.931 is amended to read:

475B.931. Upon request the State Department of Agriculture and the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, pursuant to an agreement or otherwise, shall assist the Oregon Health Authority in implementing and enforcing the provisions of ORS 475B.785 to 475B.949 and rules adopted under the provisions of ORS 475B.785 to 475B.949.

SECTION 280. ORS 475B.934 is amended to read:

475B.934. The Oregon Health Authority, the State Department of Agriculture and the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, and the officers, employees and agents of the authority, department and commission, are immune from any cause of action for the performance of, or the failure to perform, duties required by ORS 475B.785 to 475B.949.

SECTION 281. ORS 475B.937 is amended to read:

475B.937. Subject to any applicable provision of ORS chapter 183, the Oregon Health Authority, the State Department of Agriculture and the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may possess, seize or dispose of marijuana, usable marijuana, medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts as is necessary for the authority to ensure compliance with and enforce the provisions of ORS 475B.785 to 475B.949 and any rule adopted under ORS 475B.785 to 475B.949.

SECTION 282. ORS 475B.952 is amended to read:

475B.952. (1) The Oregon Cannabis Commission is established within the Oregon Health Authority. The commission consists of:

(a) The Public Health Officer or the Public Health Officer's designee; and

(b) Eight members appointed by the Governor as follows:

(A) A registry identification cardholder, as defined in ORS 475B.791;

(B) A person designated to produce marijuana by a registry identification cardholder, as defined in ORS 475B.791;

(C) An attending physician, as defined in ORS 475B.791;

(D) A person representing the Oregon Health Authority;

(E) A person representing the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**;

(F) A local health officer, as described in ORS 431.418;

(G) A law enforcement officer; and

(H) A person knowledgeable about research proposal grant protocols.

(2) The term of office of each member of the commission is four years, but a member serves at the pleasure of the Governor. Before the expiration of the term of a member, the Governor shall

appoint a successor whose term begins on January 1 of the following year. A member is eligible for reappointment. If there is a vacancy for any cause, the Governor shall make an appointment to become immediately effective for the unexpired term.

(3) The appointment of each member of the commission is subject to confirmation by the Senate in the manner prescribed in ORS 171.562 and 171.565.

(4) Members of the commission are not entitled to compensation, but may be reimbursed for actual and necessary travel and other expenses incurred by them in the performance of their official duties in the manner and amounts provided for in ORS 292.495.

SECTION 283. ORS 475B.961 is amended to read:

475B.961. In addition to any other duty prescribed by law, the Oregon Cannabis Commission shall:

(1) Provide advice to the Oregon Health Authority with respect to the administration of ORS 475B.785 to 475B.949;

(2) Provide advice to the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** with respect to the administration of ORS 475B.010 to 475B.545, insofar as those statutes pertain to registry identification cardholders and designated primary caregivers, as those terms are defined in ORS 475B.791;

(3) Develop a long-term strategic plan for ensuring that cannabis will remain a therapeutic option for persons with debilitating medical conditions as defined in ORS 475B.791;

(4) Develop a long-term strategic plan for ensuring that cannabis will remain affordable for persons with debilitating medical conditions as defined in ORS 475B.791; and

(5) Monitor and study federal laws, regulations and policies regarding marijuana.

SECTION 284. ORS 475B.968 is amended to read:

475B.968. (1) The governing body of a city or county may adopt ordinances to be referred to the electors of the city or county as described in subsection (2) of this section that prohibit or allow the establishment of any one or more of the following in the area subject to the jurisdiction of the city or in the unincorporated area subject to the jurisdiction of the county:

(a) Marijuana processing sites registered under ORS 475B.840;

(b) Medical marijuana dispensaries registered under ORS 475B.858;

(c) Marijuana producers that hold a license issued under ORS 475B.070;

(d) Marijuana processors that hold a license issued under ORS 475B.090;

(e) Marijuana wholesalers that hold a license issued under ORS 475B.100;

(f) Marijuana retailers that hold a license issued under ORS 475B.105;

(g) Marijuana producers that hold a license issued under ORS 475B.070 and that the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** has designated as an exclusively medical licensee under ORS 475B.122;

(h) Marijuana processors that hold a license issued under ORS 475B.090 and that the commission has designated as an exclusively medical licensee under ORS 475B.127;

(i) Marijuana wholesalers that hold a license issued under ORS 475B.100 and that the commission has designated as an exclusively medical licensee under ORS 475B.129;

(j) Marijuana retailers that hold a license issued under ORS 475B.105 and that the commission has designated as an exclusively medical licensee under ORS 475B.131; or

(k) Any combination of the entities described in this subsection.

(2) If the governing body of a city or county adopts an ordinance under this section, the governing body shall submit the measure of the ordinance to the electors of the city or county for approval at the next statewide general election.

(3) If the governing body of a city or county adopts an ordinance under this section, the governing body must provide the text of the ordinance:

(a) To the Oregon Health Authority, in a form and manner prescribed by the authority, if the ordinance concerns a medical marijuana dispensary registered under ORS 475B.858 or a marijuana processing site registered under ORS 475B.840; or

(b) To the commission, if the ordinance concerns a premises for which a license has been issued under ORS 475B.010 to 475B.545.

(4)(a) Upon receiving notice of a prohibition under subsection (3) of this section, the authority shall discontinue registering those entities to which the prohibition applies until the date of the next statewide general election.

(b) Upon receiving notice of a prohibition under subsection (3) of this section, the commission shall discontinue licensing those premises to which the prohibition applies until the date of the next statewide general election.

(5)(a) If an allowance is approved at the next statewide general election under subsection (2) of this section, and the allowance concerns an entity described in subsection (1)(a) or (b) of this section, the authority shall begin registering the entity to which the allowance applies on the first business day of the January immediately following the date of the statewide general election.

(b) If an allowance is approved at the next statewide general election under subsection (2) of this section, and the allowance concerns an entity described in subsection (1)(c) to (j) of this section, the commission shall begin licensing the premises to which the allowance applies on the first business day of the January immediately following the date of the next statewide general election.

(6) If the electors of a city or county approve an ordinance prohibiting or allowing an entity described in subsection (1)(a), (b) or (g) to (j) of this section, the governing body of the city or county may amend the ordinance, without referring the amendment to the electors of the city or county, to prohibit or allow any other entity described in subsection (1)(a), (b) or (g) to (j) of this section.

(7) Notwithstanding any other provisions of law, a city or county that adopts an ordinance under this section that prohibits the establishment of an entity described in subsection (1) of this section may not impose a tax or fee on the production, processing or sale of marijuana or any product into which marijuana has been incorporated.

(8) Notwithstanding subsection (1) of this section, a medical marijuana dispensary is not subject to an ordinance adopted under this section if the medical marijuana dispensary:

(a) Is registered under ORS 475B.858 on or before the date on which the governing body adopts the ordinance; and

(b) Has successfully completed a city or county land use application process.

(9) Notwithstanding subsection (1) of this section, a marijuana processing site is not subject to an ordinance adopted under this section if the marijuana processing site:

(a) Is registered under ORS 475B.840 on or before the date on which the governing body adopts the ordinance; and

(b) Has successfully completed a city or county land use application process.

SECTION 285. ORS 565.515 is amended to read:

565.515. The state fair director may authorize the conducting of any lawful business at fairground properties and facilities. A business operating on fairground properties or facilities under authorization from the state fair director is not required to obtain a local business license for the operation. However, nothing in this section shall interfere with the laws of this state requiring a license for the operation of a restaurant or requiring a license to be obtained from the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** for the sale or distribution of alcoholic liquors.

SECTION 286. ORS 571.275 is amended to read:

571.275. (1) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** may purchase, possess, seize or dispose of industrial hemp products or commodities located on a premises licensed under ORS 475B.070, 475B.090, 475B.100, 475B.105 or 475B.560 or other area under the control of the premises licensee as the commission deems necessary to enforce and ensure compliance with:

(a) ORS 475B.010 to 475B.545, 475B.550 to 475B.590 or 475B.600 to 475B.655 or rules adopted by the commission relating to ORS 475B.010 to 475B.545, 475B.550 to 475B.590 or 475B.600 to 475B.655; or

(b) Any provision in ORS 571.260 to 571.348 or in rules adopted by the commission or State Department of Agriculture under ORS 571.260 to 571.348 that makes a requirement, restriction or other provision of ORS 475B.010 to 475B.545, 475B.550 to 475B.590 or 475B.600 to 475B.655 applicable to industrial hemp.

(2) If the commission purchases, possesses, seizes or disposes of industrial hemp products or commodities under this section to enforce or ensure compliance with a provision of ORS 571.260 to 571.348 or rule adopted by the department under ORS 571.260 to 571.348 that makes a requirement, restriction or other provision of ORS 475B.010 to 475B.545, 475B.550 to 475B.590 or 475B.600 to 475B.655 applicable to industrial hemp, the commission shall notify the department of the commission action as soon as practicable.

SECTION 287. ORS 571.330 is amended to read:

571.330. (1) For purposes of this section, “consumption” means to ingest, inhale or topically apply to the skin or hair.

(2)(a) A laboratory licensed by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** under ORS 475B.560 and accredited by the Oregon Health Authority pursuant to ORS 475B.565 may test industrial hemp and industrial hemp commodities and products produced or processed by a grower, handler or agricultural hemp seed producer registered under ORS 571.281.

(b) An accredited independent testing laboratory that has been approved by the authority or the State Department of Agriculture may test industrial hemp and industrial hemp commodities and products produced or processed by a grower, handler or agricultural hemp seed producer registered under ORS 571.281.

(3) A grower or handler may not sell or transfer an industrial hemp commodity or product that is intended for human consumption unless the commodity or product is tested by a laboratory described in subsection (2) of this section to ensure that the commodity or product meets the requirements adopted by the Oregon Health Authority under ORS 475B.555 (1)(a) and (b) and (2) for testing marijuana items.

(4) For purposes of this section, the department shall adopt rules:

(a) Establishing protocols for the testing of industrial hemp commodities and products; and

(b) Establishing procedures for determining batch sizes and for sampling industrial hemp commodities and products.

(5) This section does not apply to:

(a) Agricultural hemp seed;

(b) Seeds of the plant genus *Cannabis* within the plant family Cannabaceae that are incapable of germination;

(c) Products derived from seeds described in paragraph (b) of this subsection; or

(d) Other parts of industrial hemp that the department identifies by rule as exempt.

SECTION 288. ORS 571.336 is amended to read:

571.336. (1) As used in this section, “licensee,” “marijuana,” “marijuana item” and “marijuana processor” have the meanings given those terms in ORS 475B.015.

(2) A grower registered under ORS 571.281 may deliver industrial hemp, and a handler registered under ORS 571.281 may deliver industrial hemp concentrates and industrial hemp extracts, to a marijuana processor that holds a license issued under ORS 475B.090, if:

(a) The grower or handler and the marijuana processor are registered with the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**, in a form and manner prescribed by the commission, for the purpose of processing industrial hemp, industrial hemp concentrates and industrial hemp extracts;

(b) The marijuana processor is provided with the results of any test conducted on the industrial hemp, industrial hemp concentrate or industrial hemp extract pursuant to ORS 571.260 to 571.348 as a condition of the marijuana processor’s receiving the industrial hemp, industrial hemp concentrate or industrial hemp extract;

(c) The marijuana processor keeps the results of any test that the marijuana processor receives pursuant to paragraph (b) of this subsection in a form and manner prescribed by the commission;

(d) The industrial hemp, industrial hemp concentrate or industrial hemp extract is tracked using the system developed and maintained under ORS 475B.177 when the industrial hemp, industrial hemp concentrate or industrial hemp extract is delivered to the premises of the marijuana processor; and

(e) The grower or handler and the marijuana processor meet any other requirement established by the commission by rule.

(3) Industrial hemp, industrial hemp concentrates and industrial hemp extracts may be processed by a marijuana processor registered under this section into any industrial hemp commodity or product or used by a marijuana processor registered under this section to supplement the processing of any marijuana item.

(4) An industrial hemp concentrate, industrial hemp extract, industrial hemp commodity or product or marijuana item processed pursuant to this section may be delivered by a marijuana processor registered under this section to a licensee as described in ORS 475B.206, provided that the industrial hemp concentrate, industrial hemp extract, industrial hemp commodity or product or marijuana item meets any applicable requirement for marijuana items set forth in ORS 475B.010 to 475B.545, 475B.550 to 475B.590 and 475B.600 to 475B.655 and rules adopted under ORS 475B.010 to 475B.545, 475B.550 to 475B.590 and 475B.600 to 475B.655.

(5) The commission may impose an annual fee reasonably calculated to not exceed the cost of administering this section on growers registered under this section, handlers registered under this section and marijuana processors registered under this section. Fees collected under this section shall be deposited in the Marijuana Control and Regulation Fund established under ORS 475B.296. Moneys deposited in the fund pursuant to this subsection are continuously appropriated to the commission for the purpose of administering this section.

SECTION 289. ORS 571.337 is amended to read:

571.337. (1) As used in this section:

(a) "Consumption" has the meaning given that term in ORS 571.330.

(b) "Processor" means a person licensed under ORS 475B.090.

(c) "Retailer" means a person licensed under ORS 475B.105.

(d) "Wholesaler" means a person licensed under ORS 475B.100.

(2) Except as provided in ORS 571.341, a processor, retailer or wholesaler may purchase, receive, transfer, sell or transport industrial hemp, or an industrial hemp commodity or product that contains cannabinoids and is intended for human consumption, only if:

(a) The processor, retailer or wholesaler received the hemp, commodity or product from a grower or handler registered under ORS 571.281 or a processor;

(b) The grower, handler or processor under paragraph (a) of this subsection is registered by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** as provided under ORS 571.336; and

(c) The hemp, commodity or product meets the requirements for marijuana items under ORS 475B.010 to 475B.545, 475B.550 to 475B.590 and 475B.600 to 475B.655 and rules adopted by the commission.

(3) A grower, handler or processor registered as described under ORS 571.336 (2)(a) shall enter hemp, commodity or product that contains cannabinoids, is intended for human consumption and is intended for transfer, sale or transport to a processor, retailer or wholesaler licensed under ORS 475B.010 to 475B.545 into the tracking system described in ORS 475B.177 before the hemp, commodity or product is transferred to a laboratory described in ORS 571.330 (2) for testing of a type described under ORS 475B.555. The commission shall continue to track the hemp, commodity or product entered into the system under this subsection when the hemp, commodity or product is transferred, sold or transported to a premises licensed under ORS 475B.010 to 475B.545, or to other areas under the control of the premises licensee.

(4) The State Department of Agriculture shall adopt rules regarding the activities of growers and handlers under this section.

(5) The commission shall adopt rules regarding the activities of processors, retailers, wholesalers and laboratories under this section.

SECTION 290. ORS 571.341 is amended to read:

571.341. (1) As used in this section:

(a) "Consumer" has the meaning given that term in ORS 475B.015.

(b) "Retailer" means a person licensed under ORS 475B.105.

(2) Industrial hemp products that contain more than 0.3 percent tetrahydrocannabinol may not be sold to a consumer by a person other than a retailer.

(3) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** shall adopt rules establishing measures the commission deems necessary for ensuring compliance with this section.

SECTION 291. ORS 576.871 is amended to read:

576.871. (1) The report submitted by the Oregon Wine Board under ORS 182.472 must include a description of the long term strategic plan created by the board and a description of the progress made in implementing the statewide strategic objectives of the board during the most recent biennium.

(2) Notwithstanding ORS 182.462:

(a) The board shall prepare and submit annual plans and a budget recommended by the board for promotion and for research during the next fiscal year.

(b) The board shall adopt rules specifying the procedures, criteria and timelines for the preparation and approval of the annual plans and budget for promotion and for research.

(c) The Director of the Oregon Business Development Department shall review the budget and plans submitted under this section. In reviewing the annual plans and budget, the director shall consider whether the information supplied by the board is factual and consistent with ORS 576.850 to 576.877 and the positive development of the Oregon wine grape growing and wine making industries. The director shall either approve the budget and plans prior to the commencement of the next fiscal year or disapprove and return the budget and plans to the board with conditions necessary for approval prior to the commencement of the next fiscal year. In reviewing the budget and plans, the director may consult with and receive coordinated support from:

(A) The State Department of Agriculture;

(B) The Oregon Tourism Commission;

(C) Oregon State University;

(D) The Office of Community Colleges and Workforce Development; and

(E) The [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**.

SECTION 292. ORS 576.874 is amended to read:

576.874. (1) If a person selling or providing grape product to a winery performs part of the processing function of a winery, the person shall report the sale or provision of the grape product and pay the tax imposed under ORS 473.045 (5).

(2) A person or winery required to pay a tax under ORS 473.045 (5) shall keep accurate records sufficient to enable the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** to determine by inspection and audit the accuracy of the taxes paid or due the Oregon Wine Board and of reports made or due to the commission.

(3) The commission or a designee of the commission may inspect and audit the records referred to in subsection (2) of this section for the purpose referred to in subsection (2) of this section.

(4) A person or winery may not refuse to permit an inspection and audit under subsection (3) of this section during business hours.

(5) In addition to the penalties prescribed in ORS 473.992, a person or winery that delays transmittal of tax payments under ORS 473.045 (5) beyond the due date specified in ORS 473.045 shall pay five percent of the overdue amount for the first full or partial month of delay and one percent of the overdue amount for each full or partial month of delay thereafter.

(6) If a winery willfully refuses to turn over tax moneys withheld under ORS 473.045 (5), the winery shall pay an additional amount equal to twice the amount of the tax moneys not turned over.

SECTION 293. ORS 659A.320 is amended to read:

659A.320. (1) Except as provided in subsection (2) of this section, it is an unlawful employment practice for an employer to obtain or use for employment purposes information contained in the credit history of an applicant for employment or an employee, or to refuse to hire, discharge, demote, suspend, retaliate or otherwise discriminate against an applicant or an employee with regard to promotion, compensation or the terms, conditions or privileges of employment based on information in the credit history of the applicant or employee.

(2) Subsection (1) of this section does not apply to:

(a) Employers that are federally insured banks or credit unions;

(b) Employers that are required by state or federal law to use individual credit history for employment purposes;

(c) The application for employment or the employment of a public safety officer who will be or who is:

(A) A member of a law enforcement unit;

(B) Employed as a peace officer commissioned by a city, port, school district, mass transit district, county, university under ORS 352.121 or 353.125, Indian reservation, the Superintendent of State Police under ORS 181A.340, the Criminal Justice Division of the Department of Justice, the Oregon State Lottery Commission or the Governor or employed as a regulatory specialist by the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission**; and

(C) Responsible for enforcing the criminal laws of this state or laws or ordinances related to airport security; or

(d) The obtainment or use by an employer of information in the credit history of an applicant or employee because the information is substantially job-related and the employer's reasons for the use of such information are disclosed to the employee or prospective employee in writing.

(3) An employee or an applicant for employment may file a complaint under ORS 659A.820 for violations of this section and may bring a civil action under ORS 659A.885 and recover the relief as provided by ORS 659A.885 (1) and (2).

(4) As used in this section, "credit history" means any written or other communication of any information by a consumer reporting agency that bears on a consumer's creditworthiness, credit standing or credit capacity.

SECTION 294. ORS 802.250 is amended to read:

802.250. (1) An eligible public employee may request that any driver or vehicle record kept by the Department of Transportation that contains or is required to contain the eligible employee's residence address contain instead the address of the public agency employing the eligible employee. A request under this section shall:

(a) Be in a form specified by the department that provides for verification of the eligible employee's employment.

(b) Contain verification by the employing public agency of the eligible employee's employment with the public agency.

(2) Upon receipt of a request and verification under subsection (1) of this section, the department shall remove the eligible employee's residence address from its records, if necessary, and substitute therefor the address of the public agency employing the eligible employee. The department shall indicate on the records that the address shown is an employment address. While the request is in effect, the eligible employee may enter the address of the public agency employing the eligible employee on any driver or vehicle form issued by the department that requires an address.

(3) A public agency that verifies an eligible employee's employment under subsection (1) of this section shall notify the department within 30 days if the eligible employee ceases to be employed by the public agency. The eligible employee shall notify the department of a change of address as provided in ORS 803.220 or 807.560.

(4) If an eligible employee is killed in the line of duty, a person who is a household member of the eligible employee may request that any driver or vehicle record kept by the department that contains or is required to contain the household member's residence address continue to contain the

address of the public agency that employed the eligible employee for up to four years after the date of the death of the eligible employee. On or before the date on which the four-year period ends, the household member shall notify the department of a change of address as provided in ORS 803.220 or 807.560. A request under this subsection shall be in a form specified by the department.

(5) As used in this section, "eligible employee" means:

(a) A member of the State Board of Parole and Post-Prison Supervision.

(b) The Director of the Department of Corrections and an employee of an institution defined in ORS 421.005 as Department of Corrections institutions, whose duties, as assigned by the superintendent, include the custody of persons committed to the custody of or transferred to the institution.

(c) A parole and probation officer employed by the Department of Corrections and an employee of the Department of Corrections Release Center whose duties, as assigned by the Chief of the Release Center, include the custody of persons committed to the custody of or transferred to the Release Center.

(d) A police officer appointed under ORS 276.021 or 276.023.

(e) An employee of the State Department of Agriculture who is classified as a brand inspector by the Director of Agriculture.

(f) An investigator of the Criminal Justice Division of the Department of Justice.

(g) A corrections officer as defined in ORS 181A.355.

(h) A federal officer. As used in this paragraph, "federal officer" means a special agent or law enforcement officer employed by:

(A) The Federal Bureau of Investigation;

(B) The United States Secret Service;

(C) The United States Citizenship and Immigration Services;

(D) The United States Marshals Service;

(E) The Drug Enforcement Administration;

(F) The United States Postal Service;

(G) The United States Customs and Border Protection;

(H) The United States General Services Administration;

(I) The United States Department of Agriculture;

(J) The Bureau of Alcohol, Tobacco, Firearms and Explosives;

(K) The Internal Revenue Service;

(L) The United States Department of the Interior; or

(M) Any federal agency if the person is empowered to effect an arrest with or without warrant for violations of the United States Code and is authorized to carry firearms in the performance of duty.

(i) An employee of the Department of Human Services or the Oregon Health Authority whose duties include personal contact with clients or patients of the department or the authority.

(j) Any judge of a court of this state.

(k) An employee of the Oregon Youth Authority or of a county juvenile department whose duties include personal contact with persons committed to the legal or physical custody of the authority or of the county juvenile department.

(L) A district attorney, as defined in ORS 131.005, or deputy district attorney.

(m) An employee who provides educational services to persons who are clients or patients of the Department of Human Services or the Oregon Health Authority, who are under the jurisdiction of the Psychiatric Security Review Board or who are under the custody or supervision of the Department of Corrections, the State Board of Parole and Post-Prison Supervision, a community corrections agency, the Oregon Youth Authority or a juvenile department. As used in this paragraph, "employee who provides educational services" means a person who provides instruction, or services related to the instruction, of a subject usually taught in an elementary school, a secondary school or a community college or who provides special education and related services in other than a school setting and who works for:

(A) An education service district or a community college district; or
(B) A state officer, board, commission, bureau, department or division in the executive branch of state government that provides educational services.

(n) An employee of the [*Oregon Liquor Control Commission*] **Oregon Liquor and Cannabis Commission** who is:

(A) A regulatory specialist; or

(B) A regulatory manager.

(o) A police officer as defined in ORS 801.395.

(p) An employee whose duties include personal contact with criminal offenders and who is employed by a law enforcement unit, as defined in ORS 181A.355.

(q) A civil code enforcement officer, as defined in ORS 192.345.

SECTION 295. (1)(a) **The amendments to ORS 25.750, 25.756, 25.780, 165.117, 165.805, 167.780, 181A.010, 181A.265, 181A.275, 181A.355, 181A.550, 181A.840, 181A.845, 221.770, 221.785, 238.005, 244.045, 244.050, 279A.025, 297.210, 317A.100, 459.992, 459A.700, 459A.702, 459A.705, 459A.715, 459A.717, 459A.718, 459A.725, 459A.730, 459A.735, 459A.737, 459A.738, 459A.741, 459A.742, 459A.744, 461.217, 471.001, 471.038, 471.039, 471.040, 471.105, 471.115, 471.130, 471.155, 471.157, 471.159, 471.162, 471.166, 471.168, 471.175, 471.180, 471.182, 471.184, 471.186, 471.190, 471.200, 471.221, 471.223, 471.227, 471.230, 471.235, 471.242, 471.244, 471.251, 471.268, 471.274, 471.282, 471.292, 471.294, 471.297, 471.302, 471.305, 471.311, 471.313, 471.315, 471.316, 471.318, 471.322, 471.326, 471.327, 471.329, 471.331, 471.333, 471.341, 471.342, 471.344, 471.346, 471.351, 471.360, 471.370, 471.375, 471.380, 471.385, 471.396, 471.400, 471.403, 471.404, 471.405, 471.410, 471.412, 471.425, 471.430, 471.442, 471.446, 471.473, 471.475, 471.478, 471.480, 471.482, 471.495, 471.500, 471.510, 471.541, 471.542, 471.547, 471.549, 471.551, 471.553, 471.557, 471.559, 471.561, 471.565, 471.567, 471.605, 471.610, 471.615, 471.630, 471.645, 471.666, 471.695, 471.700, 471.703, 471.705, 471.710, 471.715, 471.720, 471.725, 471.730, 471.732, 471.735, 471.737, 471.740, 471.745, 471.747, 471.750, 471.752, 471.754, 471.757, 471.760, 471.765, 471.770, 471.775, 471.790, 471.795, 471.800, 471.802, 471.805, 471.810, 471.817, 473.020, 473.030, 473.045, 473.047, 473.050, 473.060, 473.065, 473.070, 473.080, 473.100, 473.110, 473.120, 473.130, 473.140, 473.150, 473.160, 473.170, 474.115, 475B.015, 475B.025, 475B.030, 475B.033, 475B.035, 475B.040, 475B.045, 475B.050, 475B.060, 475B.063, 475B.070, 475B.085, 475B.090, 475B.096, 475B.100, 475B.105, 475B.109, 475B.115, 475B.119, 475B.122, 475B.127, 475B.129, 475B.131, 475B.136, 475B.139, 475B.144, 475B.146, 475B.154, 475B.158, 475B.163, 475B.167, 475B.173, 475B.177, 475B.182, 475B.186, 475B.191, 475B.194, 475B.199, 475B.201, 475B.206, 475B.216, 475B.224, 475B.232, 475B.236, 475B.246, 475B.253, 475B.256, 475B.261, 475B.266, 475B.271, 475B.281, 475B.286, 475B.291, 475B.296, 475B.299, 475B.316, 475B.376, 475B.409, 475B.416, 475B.429, 475B.436, 475B.442, 475B.496, 475B.501, 475B.506, 475B.514, 475B.518, 475B.537, 475B.539, 475B.541, 475B.548, 475B.555, 475B.560, 475B.562, 475B.564, 475B.575, 475B.577, 475B.593, 475B.605, 475B.610, 475B.615, 475B.620, 475B.625, 475B.635, 475B.645, 475B.655, 475B.705, 475B.710, 475B.712, 475B.730, 475B.750, 475B.769, 475B.791, 475B.825, 475B.828, 475B.892, 475B.895, 475B.931, 475B.934, 475B.937, 475B.952, 475B.961, 475B.968, 565.515, 571.275, 571.330, 571.336, 571.337, 571.341, 576.871, 576.874, 659A.320 and 802.250 and section 3, chapter 464, Oregon Laws 2019, by sections 1 to 294 of this 2021 Act are intended to change the name of the “Oregon Liquor Control Commission” to the “Oregon Liquor and Cannabis Commission.”**

(b) The amendments to ORS 221.770, 471.326, 471.473, 471.805 and 471.810 by sections 14, 80, 106, 158 and 159 of this 2021 Act are intended to change the name of the “Oregon Liquor Control Commission Account” to the “Oregon Liquor and Cannabis Commission Account.”

(2) For the purpose of harmonizing and clarifying statutory law, the Legislative Counsel may substitute for words designating the “Oregon Liquor Control Commission,” wherever they occur in statutory law, other words designating the “Oregon Liquor and Cannabis Commission.”

SECTION 296. This 2021 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2021 Act takes effect August 2, 2021.

Passed by House April 1, 2021

Received by Governor:

Repassed by House June 14, 2021

.....M,....., 2021

Approved:

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Timothy G. Sekerak, Chief Clerk of House

.....M,....., 2021

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Tina Kotek, Speaker of House

.....
Kate Brown, Governor

Passed by Senate June 9, 2021

Filed in Office of Secretary of State:

.....M,....., 2021

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Peter Courtney, President of Senate

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Shemia Fagan, Secretary of State