

A-Engrossed House Bill 3013

Ordered by the House April 20
Including House Amendments dated April 20

Sponsored by Representatives WILDE, MORGAN

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

[Directs Oregon Liquor Control Commission to study regulation of cannabis. Requires report to interim committee of Legislative Assembly related to economic development.]

[Sunsets January 2, 2022.]

[Declares emergency, effective on passage.]

Transfers oversight and regulation of medical marijuana processing sites and medical marijuana dispensaries from Oregon Health Authority to Oregon Liquor Control Commission. Directs commission to establish by rule process to register medical marijuana processing sites and medical marijuana dispensaries. Establishes civil penalty for certain violations.

Directs commission to adopt rules to support marijuana plant diversity by allowing qualified marijuana producers to receive marijuana seeds from sources in state.

Directs State Department of Agriculture to adopt rules to require industrial hemp grower to report to department loss of crop or intention to not plant industrial hemp crop. Requires grower ordered to destroy or remediate specified industrial hemp crop to provide documentation to department of destruction or remediation. Directs department to take specified actions if person plants industrial hemp crop prior to applying for grower registration. Establishes civil penalty not to exceed \$10,000 applicable to certain persons for industrial hemp crop that contains specified tetrahydrocannabinol concentration.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to regulation of cannabis; creating new provisions; amending ORS 90.396, 323.505, 475B.063, 475B.070, 475B.167, 475B.206, 475B.286, 475B.301, 475B.496, 475B.555, 475B.605, 475B.610, 475B.615, 475B.620, 475B.625, 475B.635, 475B.766, 475B.778, 475B.791, 475B.810, 475B.816, 475B.876, 475B.879, 475B.885, 475B.888, 475B.895, 475B.907, 475B.922, 475B.928, 475B.940, 475B.965, 475B.968, 571.285 and 571.348; repealing ORS 475B.640, 475B.650, 475B.772, 475B.840, 475B.843, 475B.846, 475B.849, 475B.852, 475B.855, 475B.858, 475B.861, 475B.864, 475B.867, 475B.870, 475B.873, 475B.898, 475B.901 and 475B.904 and section 174, chapter 614, Oregon Laws 2015; and prescribing an effective date.

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

MEDICAL MARIJUANA PROCESSING SITES AND DISPENSARIES

SECTION 1. Sections 2 to 6 of this 2021 Act are added to and made a part of ORS 475B.010 to 475B.545.

SECTION 2. As used in sections 2 to 6 of this 2021 Act:

(1) "Medical marijuana dispensary" means a premises at which marijuana for medical use is transferred to registry identification cardholders and designated primary caregivers.

(2) "Medical marijuana processing site" means a location at which marijuana is processed

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 for medical use.

2 (3) "Process" means the compounding or conversion of marijuana into medical
3 cannabinoid products, cannabinoid concentrates or cannabinoid extracts.

4 **SECTION 3.** (1) The Oregon Liquor Control Commission shall establish by rule a process
5 to register medical marijuana processing sites. To hold a registration under this section, an
6 applicant shall:

7 (a) Apply for a registration in the manner prescribed by the commission by rule;

8 (b) Provide to the commission proof that the applicant is 21 years of age or older; and

9 (c) Meet any other requirements established by the commission by rule.

10 (2) A person may not process marijuana for medical use without a registration issued
11 under this section.

12 (3) A registration issued under this section is valid for one year and may be renewed
13 pursuant to rules adopted by the commission.

14 (4)(a) An applicant for registration under this section must be an individual.

15 (b) A registration issued under this section may not be transferred:

16 (A) From the individual to whom the registration is issued to another individual; or

17 (B) To any location other than the original location at which the applicant processes
18 marijuana.

19 (5) A medical marijuana processing site may transfer medical cannabinoid products,
20 cannabinoid concentrates or cannabinoid extracts to:

21 (a) Another medical marijuana processing site or a medical marijuana dispensary;

22 (b) A registry identification cardholder, or the designated primary caregiver of a registry
23 identification cardholder, if the registry identification cardholder or designated primary
24 caregiver provides the medical marijuana processing site with the marijuana to be processed
25 into the medical cannabinoid product, cannabinoid concentrate or cannabinoid extract and
26 the medical marijuana processing site does not receive compensation for the transfer, other
27 than reimbursement for costs associated with the processing; or

28 (c) Other persons as specified by the commission by rule.

29 (6) A medical marijuana processing site may receive:

30 (a) Medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts
31 from another medical marijuana processing site;

32 (b) Marijuana from a registry identification cardholder or designated primary caregiver
33 of a registry identification cardholder for the purposes described in subsection (5) of this
34 section; and

35 (c) Medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts
36 from other persons as specified by the commission by rule.

37 (7)(a) The commission shall establish application, registration and renewal fees under this
38 section.

39 (b) Fees adopted under this section may not exceed, together with other fees collected
40 under ORS 475B.010 to 475B.545, the cost of administering ORS 475B.010 to 475B.545.

41 (c) Moneys from fees collected under this section shall be deposited in the Marijuana
42 Control and Regulation Fund established under ORS 475B.296.

43 (8) The commission may adopt rules as necessary to carry out this section.

44 **SECTION 4.** (1) The Oregon Liquor Control Commission shall establish by rule a process
45 to register medical marijuana dispensaries. To hold a registration under this section, an ap-

1 **plicant shall:**

2 (a) **Apply for a registration in the manner prescribed by the commission by rule;**

3 (b) **Provide to the commission proof that the applicant is 21 years of age or older; and**

4 (c) **Meet any other requirements established by the commission by rule.**

5 (2) **A person may not provide the services described in subsections (6) and (7) of this**
6 **section without a registration issued under this section.**

7 (3) **A registration issued under this section is valid for one year and may be renewed**
8 **pursuant to rules adopted by the commission.**

9 (4)(a) **An applicant for registration under this section must be an individual.**

10 (b) **A registration issued under this section may not be transferred:**

11 (A) **From the individual to whom the registration is issued to another individual; or**

12 (B) **To any location other than the original location at which the applicant transfers us-**
13 **able marijuana, immature marijuana plants, seeds, medical cannabinoid products,**
14 **cannabinoid concentrates and cannabinoid extracts.**

15 (5)(a) **Except as provided in paragraph (b) of this subsection, a medical marijuana**
16 **dispensary may not be located within 1,000 feet of:**

17 (A) **A public elementary or secondary school for which attendance is compulsory under**
18 **ORS 339.020; or**

19 (B) **A private or parochial elementary or secondary school, teaching children as described**
20 **in ORS 339.030 (1)(a).**

21 (b) **A medical marijuana dispensary may be located within 1,000 feet of a school if:**

22 (A) **The medical marijuana dispensary is not located within 500 feet of a public elemen-**
23 **tary or secondary school or a private or parochial elementary or secondary school described**
24 **in paragraph (a) of this subsection; and**

25 (B) **The commission determines that there is a physical or geographic barrier capable of**
26 **preventing children from traversing to the premises of the medical marijuana dispensary.**

27 (6) **A medical marijuana dispensary may transfer usable marijuana, immature marijuana**
28 **plants, seeds, medical cannabinoid products, cannabinoid concentrates and cannabinoid ex-**
29 **tracts to:**

30 (a) **Another medical marijuana dispensary;**

31 (b) **A registry identification cardholder or the designated primary caregiver of a registry**
32 **identification cardholder; or**

33 (c) **Other persons as specified by the commission by rule.**

34 (7) **A medical marijuana dispensary may receive:**

35 (a) **Usable marijuana, immature marijuana plants and seeds from registry identification**
36 **cardholders and persons responsible for marijuana grow sites, as defined in ORS 475B.791;**

37 (b) **Medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts**
38 **from medical marijuana processing sites registered under section 3 of this 2021 Act; and**

39 (c) **Usable marijuana, immature marijuana plants, seeds, medical cannabinoid products,**
40 **cannabinoid concentrates and cannabinoid extracts from other persons as specified by the**
41 **commission by rule.**

42 (8)(a) **The commission shall establish application, registration and renewal fees under this**
43 **section.**

44 (b) **Fees adopted under this section may not exceed, together with other fees collected**
45 **under ORS 475B.010 to 475B.545, the cost of administering ORS 475B.010 to 475B.545.**

1 (c) Moneys from fees collected under this section shall be deposited in the Marijuana
2 Control and Regulation Fund established under ORS 475B.296.

3 (9) The commission may adopt rules as necessary to carry out this section.

4 **SECTION 5. (1) The Oregon Liquor Control Commission shall:**

5 (a) Ensure that the system developed and maintained under ORS 475B.177 is capable of
6 tracking the transfer of marijuana items processed at a medical marijuana processing site
7 registered under section 3 of this 2021 Act and marijuana items transferred from a medical
8 marijuana dispensary registered under section 4 of this 2021 Act.

9 (b) Treat information related to medical marijuana processing sites registered under
10 section 3 of this 2021 Act and medical marijuana dispensaries registered under section 4 of
11 this 2021 Act in the same manner as the information described in ORS 475B.541.

12 (2) The commission may suspend, revoke or refuse to issue a registration under section
13 3 or 4 of this 2021 Act or require a registrant or representative of a registrant to complete
14 training specified by the commission if the commission finds, or has reasonable grounds to
15 believe, that the registrant or representative of the registrant:

16 (a) Has violated a provision of ORS 475B.010 to 475B.545 or a rule adopted under ORS
17 475B.010 to 475B.545;

18 (b) Has made any false representation or statement to the commission in order to induce
19 or prevent action by the commission;

20 (c) Is insolvent or incompetent or physically unable to carry on the management of the
21 medical marijuana processing site or medical marijuana dispensary;

22 (d) Is in the habit of using alcoholic liquor, habit-forming drugs, marijuana or controlled
23 substances to excess;

24 (e) Has misrepresented to a registry identification cardholder, a consumer or the public
25 any marijuana items transferred by the registrant or representative of the registrant; or

26 (f) Since the issuance of a registration under section 3 or 4 of this 2021 Act, has been
27 convicted of a felony, a violation of any marijuana laws of this state or ordinances of a local
28 government in this state or a misdemeanor if the felony, violation or misdemeanor was
29 committed on the premises for which the registration was issued.

30 (3) The commission may adopt rules as necessary to carry out this section.

31 **SECTION 6. (1) In addition to any other penalty provided by law, the Oregon Liquor**
32 **Control Commission may impose, for each violation of ORS 475B.010 to 475B.545 or of a rule**
33 **adopted under ORS 475B.010 to 475B.545, by a medical marijuana processing site or medical**
34 **marijuana dispensary, a civil penalty that does not exceed \$500 for each day that the violation**
35 **occurs.**

36 (2) The commission shall impose civil penalties under this section in the manner provided
37 in ORS 183.745.

38 (3) All moneys collected pursuant to this section shall be deposited into the Marijuana
39 Control and Regulation Fund established under ORS 475B.296.

40 **SECTION 7. ORS 90.396 is amended to read:**

41 90.396. (1) Except as provided in subsection (2) of this section, after at least 24 hours' written
42 notice specifying the acts and omissions constituting the cause and specifying the date and time of
43 the termination, the landlord may terminate the rental agreement and take possession as provided
44 in ORS 105.105 to 105.168, if:

45 (a) The tenant, someone in the tenant's control or the tenant's pet seriously threatens to inflict

1 substantial personal injury, or inflicts any substantial personal injury, upon a person on the prem-
2 ises other than the tenant;

3 (b) The tenant or someone in the tenant's control recklessly endangers a person on the premises
4 other than the tenant by creating a serious risk of substantial personal injury;

5 (c) The tenant, someone in the tenant's control or the tenant's pet inflicts any substantial per-
6 sonal injury upon a neighbor living in the immediate vicinity of the premises;

7 (d) The tenant or someone in the tenant's control intentionally inflicts any substantial damage
8 to the premises or the tenant's pet inflicts substantial damage to the premises on more than one
9 occasion;

10 (e)(A) The tenant intentionally provided substantial false information on the application for the
11 tenancy within the past year;

12 (B) The false information was with regard to a criminal conviction of the tenant that would have
13 been material to the landlord's acceptance of the application; and

14 (C) The landlord terminates the rental agreement within 30 days after discovering the falsity
15 of the information; or

16 (f) The tenant, someone in the tenant's control or the tenant's pet commits any act that is out-
17 rageous in the extreme, on the premises or in the immediate vicinity of the premises. For purposes
18 of this paragraph, an act is outrageous in the extreme if the act is not described in paragraphs (a)
19 to (e) of this subsection, but is similar in degree and is one that a reasonable person in that com-
20 munity would consider to be so offensive as to warrant termination of the tenancy within 24 hours,
21 considering the seriousness of the act or the risk to others. An act that is outrageous in the extreme
22 is more extreme or serious than an act that warrants a 30-day termination under ORS 90.392. Acts
23 that are "outrageous in the extreme" include, but are not limited to, the following acts by a person:

24 (A) Prostitution, commercial sexual solicitation or promoting prostitution, as described in ORS
25 167.007, 167.008 and 167.012;

26 (B) Unlawful manufacture, delivery or possession of a controlled substance, as defined in ORS
27 475.005;

28 (C) Manufacture of a cannabinoid extract, as defined in ORS 475B.015, unless the person manu-
29 facturing the cannabinoid extract holds a license issued under ORS 475B.090 or is registered under
30 *[ORS 475B.840]* **section 3 of this 2021 Act;**

31 (D) A bias crime, as described in ORS 166.155 and 166.165; or

32 (E) Burglary as described in ORS 164.215 and 164.225.

33 (2) If the cause for a termination notice given pursuant to subsection (1) of this section is based
34 upon the acts of the tenant's pet, the tenant may cure the cause and avoid termination of the
35 tenancy by removing the pet from the premises prior to the end of the notice period. The notice
36 must describe the right of the tenant to cure the cause. If the tenant returns the pet to the premises
37 at any time after having cured the violation, the landlord, after at least 24 hours' written notice
38 specifying the subsequent presence of the offending pet, may terminate the rental agreement and
39 take possession as provided in ORS 105.105 to 105.168. The tenant does not have a right to cure this
40 subsequent violation.

41 (3) For purposes of subsection (1) of this section, someone is in the tenant's control if that per-
42 son enters or remains on the premises with the tenant's permission or consent after the tenant
43 reasonably knows or should know of that person's act or likelihood to commit any act of the type
44 described in subsection (1) of this section.

45 (4) An act can be proven to be outrageous in the extreme even if the act is one that does not

1 violate a criminal statute. Notwithstanding the references to criminal statutes in subsection (1)(f)
2 of this section, the landlord's burden of proof in an action for possession under subsection (1) of this
3 section is the civil standard of proof by a preponderance of the evidence.

4 (5) If a good faith effort by a landlord to terminate the tenancy under subsection (1)(f) of this
5 section and to recover possession of the rental unit under ORS 105.105 to 105.168 fails by decision
6 of the court, the landlord may not be found in violation of any state statute or local ordinance re-
7 quiring the landlord to remove that tenant upon threat of fine, abatement or forfeiture as long as
8 the landlord continues to make a good faith effort to terminate the tenancy.

9 **SECTION 8.** ORS 323.505, as amended by section 12, chapter 525, Oregon Laws 2019, is
10 amended to read:

11 323.505. (1) A tax is hereby imposed upon the distribution of all tobacco products in this state.
12 The tax imposed by this section is intended to be a direct tax on the consumer, for which payment
13 upon distribution is required to achieve convenience and facility in the collection and administration
14 of the tax. The tax shall be imposed on a distributor at the time the distributor distributes tobacco
15 products.

16 (2) The tax imposed under this section shall be imposed at the rate of:

17 (a) Sixty-five percent of the wholesale sales price of cigars, but not to exceed one dollar per
18 cigar;

19 (b) One dollar and seventy-eight cents per ounce based on the net weight determined by the
20 manufacturer, in the case of moist snuff, except that the minimum tax under this paragraph is \$2.14
21 per retail container; or

22 (c) Sixty-five percent of the wholesale sales price of all tobacco products that are not cigars or
23 moist snuff.

24 (3) For reporting periods beginning on or after July 1, 2022, the rates of tax applicable to moist
25 snuff under subsection (2)(b) of this section shall be adjusted for each biennium according to the
26 cost-of-living adjustment for the calendar year. The Department of Revenue shall recompute the
27 rates for each biennium by adding to the rates in subsection (2)(b) of this section the product ob-
28 tained by multiplying the rates in subsection (2)(b) of this section by a factor that is equal to 0.25
29 multiplied by the percentage (if any) by which the monthly averaged U.S. City Average Consumer
30 Price Index for the 12 consecutive months ending August 31 of the prior calendar year exceeds the
31 monthly averaged U.S. City Average Consumer Price Index for the 12 consecutive months ending
32 August 31, 2020.

33 (4) If the tax imposed under this section does not equal an amount calculable to a whole cent,
34 the tax shall be equal to the next higher whole cent. However, the amount remitted to the Depart-
35 ment of Revenue by the taxpayer for each quarter shall be equal only to 98.5 percent of the total
36 taxes due and payable by the taxpayer for the quarter.

37 (5) A tax under this section is not imposed on inhalant delivery systems that are:

38 (a) Marketed and sold solely for the purpose of vaporizing or aerosolizing marijuana items as
39 defined in ORS 475B.015; or

40 (b) Purchased in a medical marijuana dispensary that is registered under [ORS 475B.858] **sec-**
41 **tion 4 of this 2021 Act** by a person to whom a registry identification card has been issued under
42 ORS 475B.797.

43 (6) No tobacco product shall be subject to the tax if the base product or other intermediate form
44 thereof has previously been taxed under this section.

45 **SECTION 9.** ORS 475B.063 is amended to read:

1 475B.063. (1) Prior to receiving a license under ORS 475B.070, 475B.090, 475B.100 or 475B.105,
2 an applicant shall request a land use compatibility statement from the city or county that authorizes
3 the land use. The land use compatibility statement must demonstrate that the requested license is
4 for a land use that is allowable as a permitted or conditional use within the given zoning designation
5 where the land is located. The Oregon Liquor Control Commission may not issue a license if the
6 land use compatibility statement shows that the proposed land use is prohibited in the applicable
7 zone.

8 (2) Except as provided in subsection (3) of this section, a city or county that receives a request
9 for a land use compatibility statement under this section must act on that request within 21 days
10 of:

11 (a) Receipt of the request, if the land use is allowable as an outright permitted use; or

12 (b) Final local permit approval, if the land use is allowable as a conditional use.

13 (3) A city or county that receives a request for a land use compatibility statement under this
14 section is not required to act on that request during the period that the commission discontinues
15 licensing those premises pursuant to ORS 475B.968 (4)(b).

16 (4) A city or county action concerning a land use compatibility statement under this section is
17 not a land use decision for purposes of ORS chapter 195, 196, 197, 215 or 227.

18 **SECTION 10.** ORS 475B.167 is amended to read:

19 475B.167. (1) The Oregon Liquor Control Commission shall adopt by rule procedures by
20 which[:]

21 [(a)] a person responsible for a marijuana grow site registered under ORS 475B.810, or, if mul-
22 tiple persons responsible for a marijuana grow site registered under ORS 475B.810 are located at
23 the same address, each person responsible for a marijuana grow site located at the address, may
24 apply for a license under ORS 475B.070 to transition from being registered by the Oregon Health
25 Authority to being licensed by the commission[;]

26 [(b) *A marijuana processing site registered under ORS 475B.840 may apply for a license under*
27 *ORS 475B.090 to transition from being registered by the authority to being licensed by the commission;*
28 *and]*

29 [(c) *A medical marijuana dispensary registered under ORS 475B.858 may apply for a license under*
30 *ORS 475B.105 to transition from being registered by the authority to being licensed by the*
31 *commission].*

32 (2)(a) In adopting rules under this section, the commission shall adopt, at a minimum, procedures
33 by which the inventory possessed by a person responsible for a marijuana grow site[, *a marijuana*
34 *processing site or a medical marijuana dispensary]* on the date on which the person responsible for
35 a marijuana grow site[, *the marijuana processing site or the medical marijuana dispensary]* is first
36 subject to tracking by the commission under ORS 475B.177:

37 (A) May be delivered to a premises for which a license has been issued under ORS 475B.090,
38 475B.100 or 475B.105; or

39 (B) May be sold to consumers by marijuana retailers that hold a license under ORS 475B.105.

40 (b) Procedures adopted under this subsection must require a person responsible for a marijuana
41 grow site registered under ORS 475B.810, or, if multiple persons responsible for a marijuana grow
42 site registered under ORS 475B.810 are located at the same address, each person responsible for a
43 marijuana grow site located at the address, to return to an individual to whom a registry identifi-
44 cation card has been issued under ORS 475B.797, and for whom the person or persons are producing
45 marijuana, all the marijuana and usable marijuana owned by the individual, except as otherwise al-

1 lowed under a personal agreement entered into under ORS 475B.822, at the time that the person or
2 the persons receive a license under ORS 475B.070.

3 **SECTION 11.** ORS 475B.206 is amended to read:

4 475B.206. (1) Except as provided in ORS 475B.136 [*and 475B.873*] **and rules adopted pursuant**
5 **to ORS 475B.070**, a marijuana producer that holds a license issued under ORS 475B.070, marijuana
6 processor that holds a license issued under ORS 475B.090 or marijuana wholesaler that holds a li-
7 cense issued under ORS 475B.100 may deliver marijuana items only to or on a premises for which
8 a license has been issued under ORS 475B.070, 475B.090, 475B.100 or 475B.105, or to a registry
9 identification cardholder or designated primary caregiver as allowed under ORS 475B.010 to
10 475B.545.

11 (2) A licensee to which marijuana items may be delivered under subsection (1) of this section
12 may receive marijuana items only from:

13 (a) A marijuana producer that holds a license issued under ORS 475B.070, marijuana processor
14 that holds a license issued under ORS 475B.090, marijuana wholesaler that holds a license issued
15 under ORS 475B.100, marijuana retailer that holds a license issued under ORS 475B.105 or a labo-
16 ratory licensed under ORS 475B.560;

17 (b) A researcher of cannabis that holds a certificate issued under ORS 475B.286 and that
18 transfers limited amounts of marijuana, usable marijuana, cannabinoid products, cannabinoid con-
19 centrates and cannabinoid extracts in accordance with procedures adopted under ORS 475B.286
20 (3)(d) and (e);

21 (c) A marijuana grow site registered under ORS 475B.810, [*marijuana processing site registered*
22 *under ORS 475B.840, or a medical marijuana dispensary registered under ORS 475B.858,*] acting in
23 accordance with procedures adopted by the Oregon Liquor Control Commission under ORS 475B.167;
24 [*or*]

25 (d) A marijuana grow site registered under ORS 475B.810, acting in accordance with ORS
26 475B.825 and any procedures adopted by rule by the commission; **or**

27 **(e) A medical marijuana processing site registered under section 3 of this 2021 Act or a**
28 **medical marijuana dispensary registered under section 4 of this 2021 Act.**

29 (3) The sale of marijuana items by a marijuana retailer that holds a license issued under ORS
30 475B.105 must be restricted to the premises for which the license has been issued, but deliveries
31 may be made by a marijuana retailer to consumers pursuant to a bona fide order received at the
32 premises prior to delivery.

33 (4) The commission may by order waive the requirements of subsections (1) and (2) of this sec-
34 tion to ensure compliance with ORS 475B.010 to 475B.545 or a rule adopted under ORS 475B.010 to
35 475B.545. An order issued under this subsection does not constitute a waiver of any other require-
36 ment of ORS 475B.010 to 475B.545 or any other rule adopted under ORS 475B.010 to 475B.545.

37 **SECTION 12.** ORS 475B.286 is amended to read:

38 475B.286. (1) The Oregon Liquor Control Commission, in consultation with the Oregon Health
39 Authority and the State Department of Agriculture, shall establish a program for the purpose of
40 identifying and certifying private and public researchers of cannabis.

41 (2)(a) The authority shall assist the commission in identifying candidates for certification under
42 this section with respect to potential medical research.

43 (b) The department shall assist the commission in identifying candidates for certification under
44 this section with respect to potential agricultural research.

45 (3) Subject to subsection (4) of this section, the commission shall adopt by rule or order:

1 (a) Qualifications for certification under this section;

2 (b) The term of a certificate issued under this section;

3 (c) Processes for applying for, receiving and renewing a certificate under this section;

4 (d) Procedures for tracking marijuana, usable marijuana, cannabinoid products, cannabinoid
5 concentrates and cannabinoid extracts received by and disposed or otherwise made use of by a
6 person that holds a certificate issued under this section; and

7 (e) Procedures for disposing or otherwise making use of marijuana, usable marijuana,
8 cannabinoid products, cannabinoid concentrates and cannabinoid extracts.

9 (4) In establishing qualifications under subsection (3) of this section, the commission shall con-
10 sider the following:

11 (a) A research applicant's access to funding and the overall cost of the proposed research;

12 (b) The overall benefit of an applicant's proposed research to this state's cannabis industry or
13 to public health and safety; and

14 (c) Legal barriers to conducting the proposed research or legal risks associated with conducting
15 the proposed research.

16 (5) In adopting procedures under subsection (3)(d) and (e) of this section with respect to making
17 use of marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and
18 cannabinoid extracts, the commission shall also adopt procedures by which a person that holds a
19 certificate issued under this section may transfer limited amounts of marijuana, usable marijuana,
20 cannabinoid products, cannabinoid concentrates and cannabinoid extracts to another person that
21 holds a certificate issued under this section or to a premises for which a license has been issued
22 under ORS 475B.070, 475B.090, 475B.100 or 475B.105.

23 (6) In adopting procedures under subsection (3)(d) and (e) of this section with respect to making
24 use of marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and
25 cannabinoid extracts, the commission shall also adopt procedures by which a person that holds a
26 certificate issued under this section may give, devise or bequest usable marijuana, immature
27 marijuana plants, marijuana seeds, cannabinoid products, cannabinoid concentrates and cannabinoid
28 extracts to a medical marijuana dispensary registered [*with the authority under ORS 475B.858*] **un-**
29 **der section 4 of this 2021 Act** and owned by a nonprofit corporation organized under ORS chapter
30 65 [*for purposes described in ORS 475B.873*].

31 (7) A person that holds a certificate issued under this section:

32 (a) May receive marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates
33 and cannabinoid extracts from a licensee or a registrant under ORS 475B.785 to 475B.949; and

34 (b) May not sell or otherwise transfer marijuana, usable marijuana, cannabinoid products,
35 cannabinoid concentrates or cannabinoid extracts to any other person, except as provided in this
36 section and rules adopted by the commission under this section.

37 (8) Except as otherwise provided by the commission by rule, rules adopted under ORS 475B.010
38 to 475B.545 with respect to licensees and licensee representatives apply to persons that hold a cer-
39 tificate issued under this section and persons employed by or who otherwise perform work for per-
40 sons that hold a certificate issued under this section.

41 (9) A person that holds a certificate issued under this section, and an employee of or other
42 person who performs work for a person that holds a certificate issued under this section, is exempt
43 from the criminal laws of this state for possession, delivery or manufacture of marijuana, aiding and
44 abetting another in the possession, delivery and manufacture of marijuana, or any other criminal
45 offense in which possession, delivery or manufacture of marijuana is an element, while performing

1 activities related to conducting research as described in this section.

2 **SECTION 13.** ORS 475B.301 is amended to read:

3 475B.301. ORS 475B.025, 475B.030, 475B.033, 475B.035, 475B.040, 475B.045, 475B.050, 475B.055,
4 475B.060, 475B.063, 475B.065, 475B.068, 475B.070, 475B.085, 475B.090, 475B.100, 475B.105, 475B.115,
5 475B.119, 475B.136, 475B.139, 475B.144, 475B.146, 475B.154, 475B.158, 475B.163, 475B.173, 475B.177,
6 475B.206, 475B.211, 475B.216, 475B.224, 475B.232, 475B.236, 475B.241, 475B.246, 475B.256, 475B.261,
7 475B.266, 475B.276, 475B.281, 475B.286, 475B.296, 475B.461, 475B.474, 475B.479, 475B.486, 475B.491,
8 475B.501, 475B.506, 475B.514, 475B.518, 475B.521, 475B.523, 475B.526 and 475B.529 do not apply:

9 (1) To the production or storage of homegrown plants in the genus Cannabis within the plant
10 family Cannabaceae that are otherwise subject to ORS 475B.010 to 475B.545 at a household by one
11 or more persons 21 years of age and older, if the total amount of homegrown plants at the household
12 does not exceed four plants at any time.

13 (2) To the possession or storage of usable marijuana items at a household by one or more per-
14 sons 21 years of age or older, if the total amount of usable marijuana at the household does not
15 exceed eight ounces of usable marijuana at any time.

16 (3) To the making, processing, possession or storage of cannabinoid products at a household by
17 one or more persons 21 years of age and older, if the total amount of cannabinoid products at the
18 household does not exceed 16 ounces in solid form at any time.

19 (4) To the making, processing, possession or storage of cannabinoid products at a household by
20 one or more persons 21 years of age and older, if the total amount of cannabinoid products at the
21 household does not exceed 72 ounces in liquid form at any time.

22 (5) To the making, processing, possession or storage of cannabinoid concentrates at a household
23 by one or more persons 21 years of age or older, if the total amount of cannabinoid concentrates
24 at the household does not exceed 16 ounces at any time.

25 (6) To the possession of cannabinoid extracts at a household by one or more persons 21 years
26 of age or older, if the cannabinoid extracts were purchased from a marijuana retailer that holds a
27 license under ORS 475B.105, or transferred by a medical marijuana dispensary registered [*by the*
28 *Oregon Health Authority under ORS 475B.858*] **under section 4 of this 2021 Act**, and the total
29 amount of cannabinoid extracts at the household does not exceed one ounce at any time.

30 (7) To the delivery of not more than one ounce of usable marijuana at a time by a person 21
31 years of age or older to another person 21 years of age or older for noncommercial purposes.

32 (8) To the delivery of not more than 16 ounces of cannabinoid products in solid form at a time
33 by a person 21 years of age or older to another person 21 years of age or older for noncommercial
34 purposes.

35 (9) To the delivery of not more than 72 ounces of cannabinoid products in liquid form at a time
36 by a person 21 years of age or older to another person 21 years of age or older for noncommercial
37 purposes.

38 (10) To the delivery of not more than 16 ounces of cannabinoid concentrates at a time by a
39 person 21 years of age or older to another person 21 years of age or older for noncommercial pur-
40 poses.

41 **SECTION 14.** ORS 475B.496 is amended to read:

42 475B.496. (1) The governing body of a city or county may repeal an ordinance that prohibits the
43 establishment of any one or more of the following in the area subject to the jurisdiction of the city
44 or in the unincorporated area subject to the jurisdiction of the county:

45 (a) **Medical** marijuana processing sites registered under [*ORS 475B.840*] **section 3 of this 2021**

1 **Act;**

2 (b) Medical marijuana dispensaries registered under [ORS 475B.858] **section 4 of this 2021**

3 **Act;**

4 (c) Marijuana producers that hold a license issued under ORS 475B.070;

5 (d) Marijuana processors that hold a license issued under ORS 475B.090;

6 (e) Marijuana wholesalers that hold a license issued under ORS 475B.100;

7 (f) Marijuana retailers that hold a license issued under ORS 475B.105;

8 (g) Marijuana producers that hold a license issued under ORS 475B.070 and that the Oregon
9 Liquor Control Commission has designated as an exclusively medical licensee under ORS 475B.122;

10 (h) Marijuana processors that hold a license issued under ORS 475B.090 and that the commission
11 has designated as an exclusively medical licensee under ORS 475B.127;

12 (i) Marijuana wholesalers that hold a license issued under ORS 475B.100 and that the commis-
13 sion has designated as an exclusively medical licensee under ORS 475B.129;

14 (j) Marijuana retailers that hold a license issued under ORS 475B.105 and that the commission
15 has designated as an exclusively medical licensee under ORS 475B.131; or

16 (k) Any combination of the entities described in this subsection.

17 (2) If the governing body of a city or county repeals an ordinance under this section, the gov-
18 erning body must provide the text of the ordinance:

19 *[(a) To the Oregon Health Authority, in a form and manner prescribed by the authority, if the or-
20 dinance concerns a medical marijuana dispensary registered under ORS 475B.858 or a marijuana
21 processing site registered under ORS 475B.840; or]*

22 *[(b)(A)] (a) To the commission, in a form and manner prescribed by the commission, if the ordi-
23 nance concerns a premises for which a license **or registration** has been issued under ORS 475B.010
24 to 475B.545; and*

25 *[(B)] (b) To the Oregon Department of Administrative Services, in a form and manner prescribed
26 by the department, within 30 days of enactment of the repeal of the ordinance, if the ordinance
27 concerns a premises for which issuance of a license is required under ORS 475B.070, 475B.090,
28 475B.100 or 475B.105.*

29 **SECTION 15.** ORS 475B.605 is amended to read:

30 475B.605. (1) As is necessary to protect the public health and safety, and in consultation with
31 the Oregon Health Authority and the State Department of Agriculture, the Oregon Liquor Control
32 Commission shall adopt rules establishing standards for the labeling of marijuana items, including
33 but not limited to:

34 (a) Ensuring that usable marijuana, cannabinoid concentrates and extracts, cannabinoid edibles
35 and other cannabinoid products have labeling that communicates:

36 (A) Health and safety warnings;

37 (B) If applicable, activation time;

38 (C) Potency;

39 (D) For cannabinoid products and cannabinoid concentrates and extracts, serving size and the
40 number of servings included in a cannabinoid product or cannabinoid concentrate or extract pack-
41 age; and

42 (E) Content of the marijuana item; and

43 (b) Labeling that is in accordance with applicable state food labeling requirements for the same
44 type of food product or potable liquid when the food product or potable liquid does not contain
45 marijuana or cannabinoids.

1 *[(2) In adopting rules under ORS 475B.785 to 475B.949, the authority shall require all usable*
2 *marijuana, cannabinoid products and cannabinoid concentrates and extracts transferred by a medical*
3 *marijuana dispensary registered under ORS 475B.858 to be labeled in accordance with subsection (1)*
4 *of this section and rules adopted under subsection (1) of this section.]*

5 *[(3)]* **(2)** In adopting rules under ORS 475B.010 to 475B.545, the commission shall require all us-
6 able marijuana, cannabinoid products and cannabinoid concentrates and extracts sold or transferred
7 by a marijuana retailer that holds a license issued under ORS 475B.105 **or a medical marijuana**
8 **dispensary registered under section 4 of this 2021 Act** to be labeled in accordance with sub-
9 section (1) of this section and rules adopted under subsection (1) of this section.

10 *[(4)]* **(3)** In adopting rules under subsection (1) of this section, the commission:

11 (a) May establish different labeling standards for different varieties of usable marijuana and for
12 different types of cannabinoid products and cannabinoid concentrates and extracts;

13 *[(b) May establish different minimum labeling standards for persons registered under ORS*
14 *475B.785 to 475B.949 and persons licensed under ORS 475B.010 to 475B.545;]*

15 *[(c)]* **(b)** Shall consider the cost of a potential requirement and how that cost will affect the cost
16 to the ultimate consumer of the marijuana item; and

17 *[(d)]* **(c)** May not adopt rules that are more restrictive than is reasonably necessary to protect
18 the public health and safety.

19 **SECTION 16.** ORS 475B.615 is amended to read:

20 475B.615. (1) As is necessary to protect the public health and safety, and in consultation with
21 the Oregon Health Authority and the State Department of Agriculture, the Oregon Liquor Control
22 Commission shall adopt rules establishing standards for the packaging of marijuana items, including
23 but not limited to:

24 (a) Ensuring that usable marijuana, cannabinoid concentrates and extracts, cannabinoid edibles
25 and other cannabinoid products are:

26 (A) Packaged in child-resistant safety packaging; and

27 (B) Not marketed in a manner that:

28 (i) Is untruthful or misleading;

29 (ii) Is attractive to minors; or

30 (iii) Otherwise creates a significant risk of harm to public health and safety; and

31 (b) Ensuring that cannabinoid edibles and other cannabinoid products are not packaged in a
32 manner that is attractive to minors.

33 *[(2) In adopting rules under ORS 475B.785 to 475B.949, the authority shall require all usable*
34 *marijuana, cannabinoid products and cannabinoid concentrates and extracts transferred by a medical*
35 *marijuana dispensary registered under ORS 475B.858 to be packaged in accordance with subsection*
36 *(1) of this section and rules adopted under subsection (1) of this section.]*

37 *[(3)]* **(2)** In adopting rules under ORS 475B.010 to 475B.545, the commission shall require all us-
38 able marijuana, cannabinoid products and cannabinoid concentrates and extracts sold or transferred
39 by a marijuana retailer that holds a license under ORS 475B.105 **or a medical marijuana**
40 **dispensary registered under section 4 of this 2021 Act** to be packaged in accordance with sub-
41 section (1) of this section and rules adopted under subsection (1) of this section.

42 *[(4)]* **(3)** In adopting rules under subsection (1) of this section, the commission:

43 (a) May establish different packaging standards for different varieties of usable marijuana and
44 for different types of cannabinoid products and cannabinoid concentrates and extracts;

45 *[(b) May establish different minimum packaging standards for persons registered under ORS*

1 475B.785 to 475B.949 and persons licensed under ORS 475B.010 to 475B.545;]

2 [(c)] (b) May consider the effect on the environment of requiring certain packaging;

3 [(d)] (c) Shall consider the cost of a potential requirement and how that cost will affect the cost
4 to the ultimate consumer of the marijuana item; and

5 [(e)] (d) May not adopt rules that are more restrictive than is reasonably necessary to protect
6 the public health and safety.

7 **SECTION 17.** ORS 475B.625 is amended to read:

8 475B.625. (1) The Oregon Health Authority shall adopt rules establishing:

9 (a) The maximum concentration of tetrahydrocannabinol that is permitted in a single serving
10 of a cannabinoid product or cannabinoid concentrate or extract; and

11 (b) The number of servings that are permitted in a **package of** cannabinoid product or
12 cannabinoid concentrate or extract [*package*].

13 (2)(a) In adopting rules under subsection (1)(a) of this section, the authority shall prescribe the
14 different levels of concentration of tetrahydrocannabinol that is permitted in a single serving of a
15 cannabinoid product or cannabinoid concentrate or extract for:

16 (A) Consumers who hold a valid registry identification card issued under ORS 475B.797; and

17 (B) Consumers who do not hold a valid registry identification card issued under ORS 475B.797.

18 (b) In prescribing the levels of concentration of tetrahydrocannabinol that is permitted in a
19 single serving of a cannabinoid product or cannabinoid concentrate or extract for consumers who
20 hold a valid registry identification card issued under ORS 475B.797, the authority shall consider the
21 appropriate level of concentration necessary to mitigate the symptoms or effects of a debilitating
22 medical condition, as defined in ORS 475B.791.

23 [(3) *In adopting rules under ORS 475B.785 to 475B.949, the authority shall require all usable
24 marijuana, cannabinoid products and cannabinoid concentrates and extracts transferred by a medical
25 marijuana dispensary registered under ORS 475B.858 to meet the concentration standards and pack-
26 aging standards adopted by rule pursuant to this section.*]

27 [(4)] (3) In adopting rules under ORS 475B.010 to 475B.545, the Oregon Liquor Control Com-
28 mission shall **consult with the authority and** require all usable marijuana, cannabinoid products
29 and cannabinoid concentrates and extracts sold or transferred by a marijuana retailer that holds a
30 license under ORS 475B.105 **or a medical marijuana dispensary registered under section 4 of
31 this 2021 Act** to meet the concentration standards and [*packaging*] **servings per package** standards
32 adopted by rule pursuant to this section.

33 **SECTION 18.** ORS 475B.635 is amended to read:

34 475B.635. To ensure compliance with ORS 475B.600 to 475B.655 and any rule adopted under ORS
35 475B.600 to 475B.655, the Oregon Liquor Control Commission may inspect the premises of a person
36 that holds a license under ORS 475B.070, 475B.090, 475B.100 or 475B.105 **or a registration under
37 section 3 or 4 of this 2021 Act.**

38 **SECTION 19.** ORS 475B.766 is amended to read:

39 475B.766. A financial institution that provides financial services customarily provided by finan-
40 cial institutions pursuant to powers granted by ORS 717.200 to 717.320, 717.900 and 717.905, the
41 Bank Act or by ORS chapter 723 [*to a marijuana processing site registered under ORS 475B.840, a
42 medical marijuana dispensary registered under ORS 475B.858, a marijuana producer that holds a li-
43 cense under ORS 475B.070, a marijuana processor that holds a license under ORS 475B.090, a
44 marijuana wholesaler that holds a license under ORS 475B.100, a marijuana retailer that holds a li-
45 cense under ORS 475B.105, a laboratory that holds a license under ORS 475B.560 or a person to whom*

1 *a permit has been issued under ORS 475B.266*] is exempt from any criminal law of this state an el-
2 ement of which may be proven by substantiating that a person provides financial services custom-
3 arily provided by financial institutions pursuant to powers granted by ORS 717.200 to 717.320,
4 717.900 and 717.905, the Bank Act or ORS chapter 723 to a person who possesses, delivers or man-
5 ufactures marijuana or marijuana derived products[.] **if the financial services are provided to:**

6 (1) **A medical marijuana processing site registered under section 3 of this 2021 Act;**

7 (2) **A medical marijuana dispensary registered under section 4 of this 2021 Act;**

8 (3) **A marijuana producer that holds a license under ORS 475B.070;**

9 (4) **A marijuana processor that holds a license under ORS 475B.090;**

10 (5) **A marijuana wholesaler that holds a license under ORS 475B.100;**

11 (6) **A marijuana retailer that holds a license under ORS 475B.105;**

12 (7) **A laboratory that holds a license under ORS 475B.560; or**

13 (8) **A person to whom a permit has been issued under ORS 475B.266.**

14 **SECTION 20.** ORS 475B.791 is amended to read:

15 475B.791. As used in ORS 475B.785 to 475B.949:

16 (1) "Attending physician" means a physician licensed under ORS chapter 677 who has primary
17 responsibility for the care and treatment of a person diagnosed with a debilitating medical condition.

18 (2) "Cannabinoid" means any of the chemical compounds that are the active constituents of
19 marijuana.

20 (3) "Cannabinoid concentrate" means a substance obtained by separating cannabinoids from
21 marijuana by:

22 (a) A mechanical extraction process;

23 (b) A chemical extraction process using a nonhydrocarbon-based solvent, such as vegetable
24 glycerin, vegetable oils, animal fats, isopropyl alcohol or ethanol;

25 (c) A chemical extraction process using the hydrocarbon-based solvent carbon dioxide, provided
26 that the process does not involve the use of high heat or pressure; or

27 (d) Any other process identified by the Oregon Health Authority, in consultation with the
28 Oregon Liquor Control Commission, by rule.

29 (4) "Cannabinoid edible" means food or potable liquid into which a cannabinoid concentrate,
30 cannabinoid extract or dried leaves or flowers of marijuana have been incorporated.

31 (5) "Cannabinoid extract" means a substance obtained by separating cannabinoids from
32 marijuana by:

33 (a) A chemical extraction process using a hydrocarbon-based solvent, such as butane, hexane
34 or propane;

35 (b) A chemical extraction process using the hydrocarbon-based solvent carbon dioxide, if the
36 process uses high heat or pressure; or

37 (c) Any other process identified by the Oregon Health Authority, in consultation with the
38 Oregon Liquor Control Commission, by rule.

39 (6) "Debilitating medical condition" means:

40 (a) Cancer, glaucoma, a degenerative or pervasive neurological condition, positive status for
41 human immunodeficiency virus or acquired immune deficiency syndrome, or a side effect related to
42 the treatment of those medical conditions;

43 (b) A medical condition or treatment for a medical condition that produces, for a specific pa-
44 tient, one or more of the following:

45 (A) Cachexia;

- 1 (B) Severe pain;
- 2 (C) Severe nausea;
- 3 (D) Seizures, including seizures caused by epilepsy; or
- 4 (E) Persistent muscle spasms, including spasms caused by multiple sclerosis;
- 5 (c) Post-traumatic stress disorder; or
- 6 (d) Any other medical condition or side effect related to the treatment of a medical condition
- 7 adopted by the Oregon Health Authority by rule or approved by the authority pursuant to a petition
- 8 filed under ORS 475B.946.

9 (7)(a) “Delivery” has the meaning given that term in ORS 475.005.

10 (b) “Delivery” does not include transfer of marijuana by a registry identification cardholder to

11 another registry identification cardholder if no consideration is paid for the transfer.

12 (8)(a) “Designated primary caregiver” means an individual:

13 (A) Who is 18 years of age or older;

14 (B) Who has significant responsibility for managing the well-being of a person who has been

15 diagnosed with a debilitating medical condition; and

16 (C) Who is designated as the person responsible for managing the well-being of a person who

17 has been diagnosed with a debilitating medical condition on that person’s application for a registry

18 identification card or in other written notification submitted to the authority.

19 (b) “Designated primary caregiver” does not include a person’s attending physician.

20 (9) “High heat” means a temperature exceeding 180 degrees.

21 (10) “Immature marijuana plant” means a marijuana plant that is not flowering.

22 (11)(a) “Marijuana” means the plant Cannabis family Cannabaceae, any part of the plant

23 Cannabis family Cannabaceae and the seeds of the plant Cannabis family Cannabaceae.

24 (b) “Marijuana” does not include:

25 (A) Industrial hemp, as defined in ORS 571.269; or

26 (B) Prescription drugs, as that term is defined in ORS 689.005, including those containing one

27 or more cannabinoids, that are approved by the United States Food and Drug Administration and

28 dispensed by a pharmacy, as defined in ORS 689.005.

29 (12) “Marijuana grow site” means a location registered under ORS 475B.810 where marijuana

30 is produced for use by a registry identification cardholder.

31 *[(13) “Marijuana processing site” means a marijuana processing site registered under ORS*

32 *475B.840 or a site for which an applicant has submitted an application for registration under ORS*

33 *475B.840.]*

34 *[(14)] (13)* “Mature marijuana plant” means a marijuana plant that is not an immature marijuana

35 plant.

36 *[(15)(a)] (14)(a)* “Medical cannabinoid product” means a cannabinoid edible and any other prod-

37 uct intended for human consumption or use, including a product intended to be applied to a person’s

38 skin or hair, that contains cannabinoids or dried leaves or flowers of marijuana.

39 (b) “Medical cannabinoid product” does not include:

40 (A) Usable marijuana by itself;

41 (B) A cannabinoid concentrate by itself;

42 (C) A cannabinoid extract by itself; or

43 (D) Industrial hemp, as defined in ORS 571.269.

44 *[(16) “Medical marijuana dispensary” means a medical marijuana dispensary registered under*

45 *ORS 475B.858 or a site for which an applicant has submitted an application for registration under*

1 *ORS 475B.858.*]

2 [(17)] (15) “Medical use of marijuana” means the production, processing, possession, delivery or
3 administration of marijuana, or use of paraphernalia used to administer marijuana, to mitigate the
4 symptoms or effects of a debilitating medical condition.

5 [(18)] (16) “Person designated to produce marijuana by a registry identification cardholder”
6 means a person designated to produce marijuana by a registry identification cardholder under ORS
7 475B.810 who produces marijuana for a registry identification cardholder at an address other than
8 the address where the registry identification cardholder resides or at an address where more than
9 12 mature marijuana plants are produced.

10 [(19) “Process” means the compounding or conversion of marijuana into medical cannabinoid pro-
11 ducts, cannabinoid concentrates or cannabinoid extracts.]

12 [(20)] (17) “Production” means:

- 13 (a) Planting, cultivating, growing, trimming or harvesting marijuana; or
14 (b) Drying marijuana leaves or flowers.

15 [(21)] (18) “Registry identification card” means a document issued by the Oregon Health Au-
16 thority under ORS 475B.797 that identifies a person authorized to engage in the medical use of
17 marijuana and, if the person has a designated primary caregiver under ORS 475B.804, the person’s
18 designated primary caregiver.

19 [(22)] (19) “Registry identification cardholder” means a person to whom a registry identification
20 card has been issued under ORS 475B.797.

21 [(23)(a)] (20)(a) “Usable marijuana” means the dried leaves and flowers of marijuana.

22 (b) “Usable marijuana” does not include:

- 23 (A) The seeds, stalks and roots of marijuana; or
24 (B) Waste material that is a by-product of producing marijuana.

25 [(24)] (21) “Written documentation” means a statement signed by the attending physician of a
26 person diagnosed with a debilitating medical condition or copies of the person’s relevant medical
27 records.

28 **SECTION 21.** ORS 475B.810 is amended to read:

29 475B.810. (1)(a) The Oregon Health Authority shall establish by rule a marijuana grow site
30 registration system to track and regulate the production of marijuana by a registry identification
31 cardholder or a person designated by the registry identification cardholder to produce marijuana for
32 the registry identification cardholder.

33 (b) Except as provided in paragraph (c) of this subsection, a person may not produce marijuana
34 unless the person is registered under this section.

35 (c) Paragraph (b) of this subsection does not apply to the production of marijuana as provided
36 in ORS 475B.010 to 475B.545 or as otherwise provided for by the statutory laws of this state.

37 (2) Rules adopted under this section must require an applicant for a registry identification card,
38 or a registry identification cardholder who produces marijuana or who designates another person
39 to produce marijuana, to submit an application to the authority containing the following information
40 at the time of making an application under ORS 475B.797 (2), renewing a registry identification card
41 under ORS 475B.797 (6)(b), or notifying the authority of a change under ORS 475B.797 (6)(a):

42 (a) The name of the person responsible for the marijuana grow site;

43 (b) Proof that the person is 21 years of age or older;

44 (c) If the registry identification cardholder or the person responsible for the marijuana grow site
45 is not the owner of the premises of the marijuana grow site, signed informed consent from the owner

1 of the premises to register the premises as a marijuana grow site;

2 (d) The address of the marijuana grow site; and

3 (e) Any other information that the authority considers necessary to track the production of
4 marijuana under ORS 475B.785 to 475B.949.

5 (3)(a) The authority shall conduct a criminal records check under ORS 181A.195 of any person
6 whose name is submitted under this section as the person responsible for a marijuana grow site.

7 (b) A person convicted of a Class A or Class B felony under ORS 475.752 to 475.920 for the
8 manufacture or delivery of a controlled substance in Schedule I or Schedule II may not act as or
9 be designated a person responsible for a marijuana grow site for two years from the date of con-
10 viction.

11 (c) A person convicted more than once of a Class A or Class B felony under ORS 475.752 to
12 475.920 for the manufacture or delivery of a controlled substance in Schedule I or Schedule II may
13 not act as or be designated a person responsible for a marijuana grow site.

14 (4) Subject to subsection (11) of this section, the authority shall issue a marijuana grow site
15 registration card if the requirements of subsections (2) and (3) of this section are met.

16 (5) A person who holds a marijuana grow site registration card under this section must display
17 the card at the marijuana grow site at all times.

18 (6) A marijuana grow site registration card must be obtained and posted for each registry
19 identification cardholder for whom marijuana is being produced at a marijuana grow site.

20 (7)(a) All seeds, immature marijuana plants, mature marijuana plants and usable marijuana as-
21 sociated with the production of marijuana for a registry identification cardholder by a person re-
22 sponsible for a marijuana grow site are the property of the registry identification cardholder.

23 (b) All seeds, immature marijuana plants, mature marijuana plants and usable marijuana asso-
24 ciated with the production of marijuana for a registry identification cardholder by a person re-
25 sponsible for a marijuana grow site must be transferred to the registry identification cardholder
26 upon the request of the registry identification cardholder.

27 (c) All usable marijuana associated with the production of marijuana for a registry identification
28 cardholder by a person responsible for a marijuana grow site must be transferred to a **medical**
29 marijuana processing site **registered under section 3 of this 2021 Act** upon the request of the
30 registry identification cardholder. For purposes of this paragraph, a request to transfer usable
31 marijuana constitutes an assignment of the right to possess the usable marijuana.

32 (d) All seeds, immature marijuana plants and usable marijuana associated with the production
33 of marijuana for a registry identification cardholder by a person responsible for a marijuana grow
34 site must be transferred to a medical marijuana dispensary **registered under section 4 of this 2021**
35 **Act** upon request of the registry identification cardholder. For purposes of this paragraph, a request
36 to transfer seeds, immature marijuana plants or usable marijuana constitutes an assignment of the
37 right to possess the seeds, immature marijuana plants or usable marijuana.

38 (e) Information related to transfers made under this subsection must be submitted to the au-
39 thority in the manner required by ORS 475B.816.

40 (8) A registry identification cardholder, or the designated caregiver of a registry identification
41 cardholder, may reimburse a person responsible for a marijuana grow site for all costs associated
42 with the production of marijuana for the registry identification cardholder.

43 (9) The authority may inspect:

44 (a) The marijuana grow site of a person designated to produce marijuana by a registry identifi-
45 cation cardholder to ensure compliance with this section and ORS 475B.816 and 475B.831 and any

1 rule adopted under this section and ORS 475B.816 and 475B.831; and

2 (b) The records of the marijuana grow site of a person designated to produce marijuana by a
3 registry identification cardholder to ensure compliance with this section and ORS 475B.816 and any
4 rule adopted under this section and ORS 475B.816.

5 (10) The authority may refuse to register a registry identification cardholder or a designee under
6 this section or may suspend or revoke the registration of a person responsible for a marijuana grow
7 site if the authority determines that the applicant or the person responsible for a marijuana grow
8 site violated a provision of ORS 475B.785 to 475B.949, a rule adopted under ORS 475B.785 to
9 475B.949 or an ordinance adopted pursuant to ORS 475B.928.

10 (11) The authority may require a person responsible for a marijuana grow site, prior to issuing
11 a marijuana grow site registration card under subsection (4) of this section, to pay a fee reasonably
12 calculated to pay costs incurred under this section and ORS 475B.816 and 475B.879.

13 **SECTION 22.** ORS 475B.816 is amended to read:

14 475B.816. (1) A person designated to produce marijuana by a registry identification cardholder
15 must submit to the Oregon Health Authority, in a form and manner established by the authority by
16 rule, the following information related to the production of marijuana:

17 (a) The number of mature marijuana plants and immature marijuana plants, the amount of
18 marijuana leaves and flowers being dried, and the amount of usable marijuana, in the person's pos-
19 session;

20 (b) The number of mature marijuana plants and immature marijuana plants, and the amount of
21 usable marijuana, that the person transfers to each registry identification cardholder for whom the
22 person produces marijuana;

23 (c) The amount of usable marijuana that the person transfers to each **medical** marijuana pro-
24 cessing site **registered under section 3 of this 2021 Act**; and

25 (d) The number of immature marijuana plants, and the amount of usable marijuana, that the
26 person transfers to each medical marijuana dispensary **registered under section 4 of this 2021**
27 **Act**.

28 (2) The authority shall by rule require a person designated to produce marijuana by a registry
29 identification cardholder to submit the information described in subsection (1) of this section once
30 each month. The authority may not employ any method other than that described in this section to
31 obtain information related to the production of marijuana from a person designated to produce
32 marijuana by a registry identification cardholder.

33 (3) In addition to submitting the information as required by subsection (1) of this section, a
34 person designated to produce marijuana by a registry identification cardholder must keep a record
35 of the information described in subsection (1) of this section for two years after the date on which
36 the person submits the information to the authority.

37 **SECTION 23.** ORS 475B.876 is amended to read:

38 475B.876. (1) The Oregon Health Authority shall maintain a telephone hotline for the following
39 persons to inquire if an address is the location of a marijuana grow site[, *marijuana processing site*
40 *or medical marijuana dispensary*] or is the proposed location of a marijuana grow site[, *marijuana*
41 *processing site or medical marijuana dispensary*]:

42 (a) A person designated by a city or a county;

43 (b) A person designated by the Water Resources Department; and

44 (c) A person designated by the watermaster of any water district.

45 (2) The authority may disclose the address of a marijuana grow site for purposes of this section

1 notwithstanding ORS 475B.882.

2 **SECTION 24.** ORS 475B.879 is amended to read:

3 475B.879. (1) The Oregon Health Authority shall develop and maintain a database of information
4 related to the production of marijuana by persons designated to produce marijuana by a registry
5 identification cardholder[, *the processing of marijuana by a marijuana processing site under ORS*
6 *475B.840 and the transfer of usable marijuana, medical cannabinoid products, cannabinoid concen-*
7 *trates and cannabinoid extracts by medical marijuana dispensaries under ORS 475B.858*]. At a mini-
8 mum, the database must include the information submitted to the authority under ORS 475B.816[,
9 *475B.846 and 475B.867*].

10 (2)(a) Subject to paragraph (c) of this subsection, the authority may provide information that is
11 stored in the database developed and maintained under this section to a law enforcement agency.

12 (b) Subject to paragraph (c) of this subsection, the authority may provide information that is
13 stored in the database developed and maintained under this section to the regulatory agencies of a
14 city or county.

15 (c) The authority may not disclose:

16 (A) Any personally identifiable information related to a registry identification cardholder or a
17 designated primary caregiver that is stored in the database developed and maintained under this
18 section.

19 (B) Any information related to the amount and type of usable marijuana[, *medical cannabinoid*
20 *products, cannabinoid concentrates and cannabinoid extracts*] transferred to or by persons designated
21 to produce marijuana by a registry identification cardholder[, *marijuana processing sites or medical*
22 *marijuana dispensaries*].

23 (3) Nothing in this section prevents a law enforcement agency from lawfully obtaining informa-
24 tion that is stored in the database developed and maintained under this section by subpoena.

25 **SECTION 25.** ORS 475B.885 is amended to read:

26 475B.885. (1) Any personally identifiable information, as defined in ORS 432.005, [*other than a*
27 *name of an individual or an address submitted with an application under ORS 475B.840 or*
28 *475B.858,*] that the Oregon Health Authority collects and maintains for purposes of registering a
29 marijuana grow site under ORS 475B.810[, *a marijuana processing site under ORS 475B.840, or a*
30 *medical marijuana dispensary under ORS 475B.858,*] is confidential and not subject to public disclo-
31 sure under ORS 192.311 to 192.478, except that the authority may provide personally identifiable
32 information to a person registered under ORS 475B.785 to 475B.949 if the registrant requests the
33 information and the information is related to a designation made under ORS 475B.785 to 475B.949.

34 (2) Any personally identifiable information, as defined in ORS 432.005, submitted to the authority
35 under ORS 475B.816[, *475B.846 or 475B.867*] or pursuant to ORS 475B.879 is confidential and not
36 subject to public disclosure under ORS 192.311 to 192.478.

37 [(3) *Any record that the authority keeps or maintains for purposes related to the installation or*
38 *maintenance of a security system by a medical marijuana dispensary pursuant to rules adopted under*
39 *ORS 475B.858 (10) is confidential and not subject to public disclosure under ORS 192.311 to*
40 *192.478.*]

41 **SECTION 26.** ORS 475B.888 is amended to read:

42 475B.888. Notwithstanding ORS 475B.885, if the Oregon Health Authority suspends or revokes
43 the registration of the marijuana grow site of a person designated to produce marijuana by a reg-
44 istry identification cardholder[, *a marijuana processing site or a medical marijuana dispensary,*] or
45 otherwise takes disciplinary action against the marijuana grow site of a person designated to

1 produce marijuana by a registry identification cardholder[, *a marijuana processing site or a medical*
2 *marijuana dispensary*], the authority shall provide that information to a law enforcement agency.

3 **SECTION 27.** ORS 475B.895 is amended to read:

4 475B.895. (1) The Oregon Health Authority shall enter into an agreement with the Oregon Li-
5 quor Control Commission under which the commission shall use the system developed and main-
6 tained under ORS 475B.177 to track:

7 (a) The propagation of immature marijuana plants and the production of marijuana by marijuana
8 grow sites;

9 [(b) *The processing of marijuana into medical cannabinoid products, cannabinoid concentrates and*
10 *cannabinoid extracts that are transferred to a medical marijuana dispensary*];

11 [(c)] (b) The transfer of usable marijuana[,] **and** immature marijuana plants[, *medical cannabinoid*
12 *products, cannabinoid concentrates and cannabinoid extracts*] by a marijuana grow site [*or a medical*
13 *marijuana dispensary*] to a registry identification cardholder or the designated primary caregiver of
14 a registry identification cardholder; and

15 [(d)] (c) The transfer of usable marijuana[,] **and** immature marijuana plants[, *medical cannabinoid*
16 *products, cannabinoid concentrates and cannabinoid extracts*] between marijuana grow sites[,
17 *marijuana processing sites and medical marijuana dispensaries*].

18 (2) Marijuana grow sites[, *marijuana processing sites and medical marijuana dispensaries*] are
19 subject to tracking under this section.

20 (3) On and after the date on which a marijuana grow site becomes subject to tracking under this
21 section, the person is exempt from the requirements of ORS 475B.816 and the provisions of ORS
22 475B.810 that relate to ORS 475B.816.

23 [(4) *On and after the date on which a marijuana processing site becomes subject to tracking under*
24 *this section, the marijuana processing site is exempt from the requirements of ORS 475B.846 and the*
25 *provisions of ORS 475B.840 that relate to ORS 475B.846.*]

26 [(5) *On and after the date on which a medical marijuana dispensary becomes subject to tracking*
27 *under this section, the medical marijuana dispensary is exempt from the requirements of ORS 475B.867*
28 *and the provisions of ORS 475B.858 that relate to ORS 475B.867.*]

29 [(6)] (4) The commission may conduct inspections and investigations of alleged violations of ORS
30 475B.785 to 475B.949 about which the commission obtains knowledge as a result of performing the
31 commission's duties under this section. Notwithstanding ORS 475B.299, the commission may use
32 regulatory specialists, as defined in ORS 471.001, to conduct the inspections and investigations, in-
33 cluding inspections and investigations of marijuana grow sites located at a primary residence.

34 [(7)] (5) When imposing a fee on a person responsible for a marijuana grow site[, *marijuana*
35 *processing site or medical marijuana dispensary*] under ORS 475B.810[, *475B.840 or 475B.858*], the
36 authority shall impose a fee that is reasonably calculated to pay costs incurred under this section.
37 As part of the agreement entered into under subsection (1) of this section, the authority shall
38 transfer fee moneys collected pursuant to this subsection to the commission for deposit in the
39 Marijuana Control and Regulation Fund established under ORS 475B.296. Moneys collected pursuant
40 to this subsection and deposited in the Marijuana Control and Regulation Fund are continuously
41 appropriated to the commission for purposes of this section.

42 [(8)] (6) The authority and the commission may adopt rules as necessary to administer this sec-
43 tion.

44 [(9)] (7) This section does not apply to a marijuana grow site located at an address where:

45 (a) A registry identification cardholder produces marijuana and no more than 12 mature

1 marijuana plants and 24 immature marijuana plants are produced; or

2 (b)(A) No more than two persons are registered under ORS 475B.810 to produce marijuana; and

3 (B) The address is used to produce marijuana for no more than two registry identification
4 cardholders.

5 **SECTION 28.** ORS 475B.895, as amended by section 7a, chapter 103, Oregon Laws 2018, and
6 section 38, chapter 456, Oregon Laws 2019, is amended to read:

7 475B.895. (1) The Oregon Health Authority shall enter into an agreement with the Oregon Li-
8 quor Control Commission under which the commission shall use the system developed and main-
9 tained under ORS 475B.177 to track:

10 (a) The propagation of immature marijuana plants and the production of marijuana by marijuana
11 grow sites;

12 *[(b) The processing of marijuana into medical cannabinoid products, cannabinoid concentrates and*
13 *cannabinoid extracts that are transferred to a medical marijuana dispensary;]*

14 *[(c) (b) The transfer of usable marijuana[, and immature marijuana plants[, medical cannabinoid*
15 *products, cannabinoid concentrates and cannabinoid extracts] by a marijuana grow site [or a medical*
16 *marijuana dispensary] to a registry identification cardholder or the designated primary caregiver of*
17 *a registry identification cardholder; and*

18 *[(d) (c) The transfer of usable marijuana[, and immature marijuana plants[, medical cannabinoid*
19 *products, cannabinoid concentrates and cannabinoid extracts] between marijuana grow sites[,*
20 *marijuana processing sites and medical marijuana dispensaries].*

21 (2) Marijuana grow sites[, *marijuana processing sites and medical marijuana dispensaries*] are
22 subject to tracking under this section.

23 (3) On and after the date on which a marijuana grow site becomes subject to tracking under this
24 section, the person is exempt from the requirements of ORS 475B.816 and the provisions of ORS
25 475B.810 that relate to ORS 475B.816.

26 *[(4) On and after the date on which a marijuana processing site becomes subject to tracking under*
27 *this section, the marijuana processing site is exempt from the requirements of ORS 475B.846 and the*
28 *provisions of ORS 475B.840 that relate to ORS 475B.846.]*

29 *[(5) On and after the date on which a medical marijuana dispensary becomes subject to tracking*
30 *under this section, the medical marijuana dispensary is exempt from the requirements of ORS 475B.867*
31 *and the provisions of ORS 475B.858 that relate to ORS 475B.867.]*

32 *[(6) (4) The commission may conduct inspections and investigations of alleged violations of ORS*
33 *475B.785 to 475B.949 about which the commission obtains knowledge as a result of performing the*
34 *commission's duties under this section. Notwithstanding ORS 475B.299, the commission may use*
35 *regulatory specialists, as defined in ORS 471.001, to conduct the inspections and investigations, in-*
36 *cluding inspections and investigations of marijuana grow sites located at a primary residence.*

37 *[(7) (5) Notwithstanding ORS 475B.759, before making any other distribution from the Oregon*
38 *Marijuana Account established under ORS 475B.759, the Department of Revenue shall first distrib-*
39 *ute moneys quarterly from the account to the commission for deposit in the Marijuana Control and*
40 *Regulation Fund established under ORS 475B.296 for purposes of paying administrative, inspection*
41 *and investigatory costs incurred by the commission under this section, provided that the amount of*
42 *distributed moneys does not exceed \$1.25 million per quarter. For purposes of estimating the amount*
43 *of moneys necessary to pay costs incurred under this section, the commission shall establish a*
44 *formulary based on expected costs for each marijuana grow site[, marijuana processing site or med-*
45 *ical marijuana dispensary] that is tracked under this section. The commission shall provide to the*

1 Department of Revenue and the Legislative Fiscal Officer before each quarter the estimated amount
2 of moneys necessary to pay costs expected to be incurred under this section and the formulary.

3 [(8)] (6) When imposing a fee on a person responsible for a marijuana grow site[, *marijuana*
4 *processing site or medical marijuana dispensary*] under ORS 475B.810, [475B.840 or 475B.858,] the
5 authority shall impose an additional fee that is reasonably calculated to pay costs incurred under
6 this section other than costs paid pursuant to subsection [(7)] (5) of this section. As part of the
7 agreement entered into under subsection (1) of this section, the authority shall transfer fee moneys
8 collected pursuant to this subsection to the commission for deposit in the Marijuana Control and
9 Regulation Fund established under ORS 475B.296. Moneys collected pursuant to this subsection and
10 deposited in the Marijuana Control and Regulation Fund are continuously appropriated to the com-
11 mission for purposes of this section.

12 [(9)] (7) The authority and the commission may adopt rules as necessary to administer this sec-
13 tion.

14 [(10)] (8) This section does not apply to a marijuana grow site located at an address where:

15 (a) A registry identification cardholder produces marijuana and no more than 12 mature
16 marijuana plants and 24 immature marijuana plants are produced; or

17 (b)(A) No more than two persons are registered under ORS 475B.810 to produce marijuana; and

18 (B) The address is used to produce marijuana for no more than two registry identification
19 cardholders.

20 **SECTION 29.** ORS 475B.907 is amended to read:

21 475B.907. Except as provided in ORS 475B.910, a person engaged in or assisting in the medical
22 use of marijuana is exempt from the criminal laws of this state for possession, delivery or manu-
23 facture of marijuana, aiding and abetting another in the possession, delivery or manufacture of
24 marijuana, or any other criminal offense in which possession, delivery or manufacture of marijuana
25 is an element if:

26 (1) The person holds a registry identification card.

27 (2) The person has applied for a registry identification card under ORS 475B.797 and the person
28 has proof of written documentation described in ORS 475B.797 (2)(a) and proof of the date on which
29 the person submitted the application to the Oregon Health Authority. An exemption under this
30 subsection applies only until the authority approves or denies the application.

31 (3) The person is designated as a primary caregiver under ORS 475B.804.

32 (4) The person is responsible for or is employed by a marijuana grow site registered under ORS
33 475B.810.

34 [(5) *The person owns, is responsible for, or is employed by, a marijuana processing site.*]

35 [(6) *The person owns, is responsible for, or is employed by, a medical marijuana dispensary.*]

36 **SECTION 30.** ORS 475B.922 is amended to read:

37 475B.922. (1) Registration under ORS 475B.785 to 475B.949 or possession of proof of registration
38 under ORS 475B.785 to 475B.949 does not constitute probable cause to search the person or property
39 of the registrant or otherwise subject the person or property of the registrant to inspection by a
40 government agency. However, the Oregon Health Authority may inspect the marijuana grow site
41 of a person designated to produce marijuana by a registry identification cardholder[, *a marijuana*
42 *processing site registered under ORS 475B.840, or a medical marijuana dispensary registered under*
43 *ORS 475B.858,*] at any reasonable time to determine whether the person responsible for the
44 marijuana grow site[, *the person responsible for the marijuana processing site, or the person respon-*
45 *sible for the medical marijuana dispensary,*] is in compliance with ORS 475B.785 to 475B.949 and

1 rules adopted under ORS 475B.785 to 475B.949.

2 (2) Any property interest possessed, owned or used in connection with the medical use of
3 marijuana or acts incidental to the medical use of marijuana that has been seized by state or local
4 law enforcement officers may not be harmed, neglected, injured or destroyed while in the possession
5 of a law enforcement agency, except that a law enforcement agency has no responsibility to main-
6 tain live marijuana plants lawfully seized. Such property interest may not be forfeited under any
7 provision of law providing for the forfeiture of property, except pursuant to a sentence imposed after
8 conviction of a criminal offense. Marijuana and equipment or paraphernalia used to produce, process
9 or administer marijuana that was seized by a law enforcement officer shall be returned immediately
10 if the district attorney in whose county the property was seized, or the district attorney's designee,
11 determines that the person from whom the marijuana, equipment or paraphernalia was seized is
12 entitled to the protections provided by ORS 475B.785 to 475B.949. The determination may be evi-
13 denced by a decision not to prosecute, the dismissal of charges or acquittal.

14 **SECTION 31.** ORS 475B.928 is amended to read:

15 475B.928. (1) For purposes of this section, "reasonable regulations" includes:

16 (a) Reasonable limitations on the hours during which the marijuana grow site of a person des-
17 igned to produce marijuana by a registry identification cardholder[, *a marijuana processing site*
18 *or a medical marijuana dispensary*] may operate;

19 (b) Reasonable conditions on the manner in which the marijuana grow site of a person desig-
20 nated to produce marijuana by a registry identification cardholder[, *a marijuana processing site or*
21 *a medical marijuana dispensary*] may transfer usable marijuana, [*medical cannabinoid products,*
22 *cannabinoid concentrates, cannabinoid extracts,*] immature marijuana plants and seeds;

23 (c) Reasonable requirements related to the public's access to the marijuana grow site of a person
24 designated to produce marijuana by a registry identification cardholder[, *a marijuana processing site*
25 *or a medical marijuana dispensary*]; and

26 (d) Reasonable limitations on where the marijuana grow site of a person designated to produce
27 marijuana by a registry identification cardholder[, *a marijuana processing site or a medical*
28 *marijuana dispensary*] may be located.

29 (2) Notwithstanding ORS 30.935, 215.253 (1) or 633.738, the governing body of a city or county
30 may adopt ordinances that impose reasonable regulations on the operation of marijuana grow sites
31 of persons designated to produce marijuana by registry identification cardholders[, *marijuana pro-*
32 *cessing sites and medical marijuana dispensaries that*] **if the marijuana grow sites** are located in
33 the area subject to the jurisdiction of the city or county.

34 **SECTION 32.** ORS 475B.965 is amended to read:

35 475B.965. If a city or county enacts or has enacted an ordinance prohibiting or allowing **medical**
36 marijuana processing sites registered under [*ORS 475B.840*] **section 3 of this 2021 Act** or medical
37 marijuana dispensaries registered under [*ORS 475B.858*] **section 4 of this 2021 Act**, the governing
38 body of the city or the county may amend the ordinance, without referring the amendment to the
39 electors of the city or county under ORS 475B.968, to prohibit or allow the premises of a licensee,
40 as those terms are defined in ORS 475B.015, that has been designated an exclusively medical
41 licensee under ORS 475B.122, 475B.127, 475B.129 or 475B.131.

42 **SECTION 33.** ORS 475B.968 is amended to read:

43 475B.968. (1) The governing body of a city or county may adopt ordinances to be referred to the
44 electors of the city or county as described in subsection (2) of this section that prohibit or allow the
45 establishment of any one or more of the following in the area subject to the jurisdiction of the city

1 or in the unincorporated area subject to the jurisdiction of the county:

2 (a) **Medical** marijuana processing sites registered under [ORS 475B.840] **section 3 of this 2021**
3 **Act**;

4 (b) Medical marijuana dispensaries registered under [ORS 475B.858] **section 4 of this 2021**
5 **Act**;

6 (c) Marijuana producers that hold a license issued under ORS 475B.070;

7 (d) Marijuana processors that hold a license issued under ORS 475B.090;

8 (e) Marijuana wholesalers that hold a license issued under ORS 475B.100;

9 (f) Marijuana retailers that hold a license issued under ORS 475B.105;

10 (g) Marijuana producers that hold a license issued under ORS 475B.070 and that the Oregon
11 Liquor Control Commission has designated as an exclusively medical licensee under ORS 475B.122;

12 (h) Marijuana processors that hold a license issued under ORS 475B.090 and that the commission
13 has designated as an exclusively medical licensee under ORS 475B.127;

14 (i) Marijuana wholesalers that hold a license issued under ORS 475B.100 and that the commis-
15 sion has designated as an exclusively medical licensee under ORS 475B.129;

16 (j) Marijuana retailers that hold a license issued under ORS 475B.105 and that the commission
17 has designated as an exclusively medical licensee under ORS 475B.131; or

18 (k) Any combination of the entities described in this subsection.

19 (2) If the governing body of a city or county adopts an ordinance under this section, the gov-
20 erning body shall submit the measure of the ordinance to the electors of the city or county for ap-
21 proval at the next statewide general election.

22 (3) If the governing body of a city or county adopts an ordinance under this section, the gov-
23 erning body must provide the text of the ordinance[:]

24 [(a) *To the Oregon Health Authority, in a form and manner prescribed by the authority, if the or-
25 dinance concerns a medical marijuana dispensary registered under ORS 475B.858 or a marijuana
26 processing site registered under ORS 475B.840; or]*

27 [(b)] to the commission, if the ordinance concerns a premises for which a license **or registration**
28 has been issued under ORS 475B.010 to 475B.545.

29 [(4)(a) *Upon receiving notice of a prohibition under subsection (3) of this section, the authority shall
30 discontinue registering those entities to which the prohibition applies until the date of the next state-
31 wide general election.*]

32 [(b)] (4) Upon receiving notice of a prohibition under subsection (3) of this section, the commis-
33 sion shall discontinue licensing **or registering** those premises to which the prohibition applies until
34 the date of the next statewide general election.

35 [(5)(a) *If an allowance is approved at the next statewide general election under subsection (2) of
36 this section, and the allowance concerns an entity described in subsection (1)(a) or (b) of this section,
37 the authority shall begin registering the entity to which the allowance applies on the first business day
38 of the January immediately following the date of the statewide general election.*]

39 [(b)] (5) If an allowance is approved at the next statewide general election under subsection (2)
40 of this section, [and the allowance concerns an entity described in subsection (1)(c) to (j) of this
41 section,] the commission shall begin licensing **or registering** the premises to which the allowance
42 applies on the first business day of the January immediately following the date of the next statewide
43 general election.

44 (6) If the electors of a city or county approve an ordinance prohibiting or allowing an entity
45 described in subsection (1)(a), (b) or (g) to (j) of this section, the governing body of the city or county

1 may amend the ordinance, without referring the amendment to the electors of the city or county,
2 to prohibit or allow any other entity described in subsection (1)(a), (b) or (g) to (j) of this section.

3 (7) Notwithstanding any other provisions of law, a city or county that adopts an ordinance under
4 this section that prohibits the establishment of an entity described in subsection (1) of this section
5 may not impose a tax or fee on the production, processing or sale of marijuana or any product into
6 which marijuana has been incorporated.

7 (8) Notwithstanding subsection (1) of this section, a medical marijuana dispensary is not subject
8 to an ordinance adopted under this section if the medical marijuana dispensary:

9 (a) Is registered under [ORS 475B.858] **section 4 of this 2021 Act** on or before the date on
10 which the governing body adopts the ordinance; and

11 (b) Has successfully completed a city or county land use application process.

12 (9) Notwithstanding subsection (1) of this section, a **medical** marijuana processing site is not
13 subject to an ordinance adopted under this section if the **medical** marijuana processing site:

14 (a) Is registered under [ORS 475B.840] **section 3 of this 2021 Act** on or before the date on
15 which the governing body adopts the ordinance; and

16 (b) Has successfully completed a city or county land use application process.

17 **SECTION 34.** ORS 475B.610 is amended to read:

18 475B.610. (1) As used in this section[:],

19 [(a)] “licensee” has the meaning given that term in ORS 475B.015.

20 [(b)] “Registrant” means a person registered under ORS 475B.785 to 475B.949.]

21 (2) The Oregon Liquor Control Commission may by rule require a licensee[, and the Oregon
22 Health Authority may by rule require a registrant,] to submit a label intended for use on a marijuana
23 item for preapproval by the commission before the licensee [or registrant] may sell or transfer a
24 marijuana item bearing the label. The commission shall determine whether a label submitted under
25 this section complies with ORS 475B.605 and any rule adopted under ORS 475B.605.

26 (3) The commission may impose a fee for submitting a label for preapproval under this section
27 that is reasonably calculated to not exceed the cost of administering this section.

28 **SECTION 35.** ORS 475B.620 is amended to read:

29 475B.620. (1) As used in this section[:],

30 [(a)] “licensee” has the meaning given that term in ORS 475B.015.

31 [(b)] “Registrant” means a person registered under ORS 475B.785 to 475B.949.]

32 (2) The Oregon Liquor Control Commission may by rule require a licensee[, and the Oregon
33 Health Authority may by rule require a registrant,] to submit packaging intended for a marijuana item
34 for preapproval by the commission before the licensee [or registrant] may sell or transfer a
35 marijuana item packaged in the packaging. The commission shall determine whether packaging
36 submitted under this section complies with ORS 475B.615 and any rule adopted under ORS 475B.615.

37 (3) The commission may impose a fee for submitting packaging for preapproval under this sec-
38 tion that is reasonably calculated to not exceed the cost of administering this section.

39 **SECTION 36.** ORS 475B.778 is amended to read:

40 475B.778. Information received by a financial institution under ORS 475B.769[, 475B.772] or
41 475B.775 is confidential for purposes of ORS 717.200 to 717.320, 717.900 and 717.905, the Bank Act
42 and ORS chapter 723. Except as otherwise required or permitted by the provisions of ORS 192.583
43 to 192.607, 717.200 to 717.320, 717.900 and 717.905, or the Bank Act or ORS chapter 723, or by other
44 state law or rule or federal law or regulation, a financial institution may not make the information
45 available to any person other than:

1 (1) The customer to whom the information applies; and

2 (2) A trustee, conservator, guardian, personal representative or agent of the customer to whom
3 the information applies.

4 **SECTION 37.** ORS 475B.555 is amended to read:

5 475B.555. (1) As is necessary to protect the public health and safety, and in consultation with
6 the Oregon Liquor Control Commission and the State Department of Agriculture, the Oregon Health
7 Authority shall adopt rules:

8 (a) Establishing standards for testing marijuana items.

9 (b) Identifying appropriate tests for marijuana items, depending on the type of marijuana item
10 and the manner in which the marijuana item was produced or processed, that are necessary to
11 protect the public health and safety, including, but not limited to, tests for:

12 (A) Microbiological contaminants;

13 (B) Pesticides;

14 (C) Other contaminants;

15 (D) Solvents or residual solvents; and

16 (E) Tetrahydrocannabinol and cannabidiol concentration.

17 (c) Establishing procedures for determining batch sizes and for sampling usable marijuana,
18 cannabinoid products and cannabinoid concentrates or extracts.

19 (d) Establishing different minimum standards for different varieties of usable marijuana and dif-
20 ferent types of cannabinoid products and cannabinoid concentrates and extracts.

21 (2) In addition to the testing requirements established under subsection (1) of this section, the
22 authority or the commission may require cannabinoid edibles to be tested in accordance with any
23 applicable law of this state, or any applicable rule adopted under a law of this state, related to the
24 production and processing of food products or commodities.

25 *[(3) In adopting rules under ORS 475B.785 to 475B.949, the authority may require:]*

26 *[(a) A person responsible for a marijuana grow site under ORS 475B.810 to test usable marijuana
27 before transferring the usable marijuana to a registrant other than an individual who holds a registry
28 identification card under ORS 475B.797; and]*

29 *[(b) A person processing marijuana to test cannabinoid products or cannabinoid concentrates or
30 extracts before transferring the cannabinoid products or cannabinoid concentrates or extracts to a
31 registrant other than an individual who holds a registry identification card under ORS 475B.797.]*

32 **[(4)] (3)** In adopting rules under ORS 475B.010 to 475B.545, the commission may require:

33 (a) A marijuana producer that holds a license under ORS 475B.070 or a marijuana wholesaler
34 that holds a license under ORS 475B.100 to test usable marijuana before selling or transferring the
35 usable marijuana; and

36 (b) A marijuana processor that holds a license under ORS 475B.090 or a marijuana wholesaler
37 that holds a license under ORS 475B.100 to test cannabinoid products or cannabinoid concentrates
38 or extracts before selling or transferring the cannabinoid products or cannabinoid concentrates or
39 extracts.

40 **[(5)] (4)** The authority and the commission may conduct random testing of marijuana items for
41 the purpose of determining whether a *[person subject to testing under subsection (3) of this section*
42 *or a]* licensee subject to testing under subsection **[(4)] (3)** of this section is in compliance with this
43 section.

44 **[(6)] (5)** In adopting rules to implement this section, the authority and commission may not re-
45 quire a marijuana item to undergo the same test more than once unless the marijuana item is pro-

1 cessed into a different type of marijuana item or the condition of the marijuana item has
2 fundamentally changed.

3 [(7)] (6) The testing of marijuana items as required by this section must be conducted by a lab-
4 oratory licensed by the commission under ORS 475B.560 and accredited by the authority under ORS
5 475B.565.

6 [(8)] (7) In adopting rules under subsection (1) of this section, the authority:

7 (a) Shall consider the cost of a potential testing procedure and how that cost will affect the cost
8 to the ultimate consumer of the marijuana item; and

9 (b) May not adopt rules that are more restrictive than is reasonably necessary to protect the
10 public health and safety.

11 **SECTION 38.** ORS 475B.940 is amended to read:

12 475B.940. (1) For purposes of ORS 475B.785 to 475B.949, seeds of the plant Cannabis family
13 Cannabaceae are a propagant of nursery stock as defined in ORS 571.005.

14 (2) Notwithstanding subsection (1) of this section, the production [*and processing*] of seeds under
15 ORS 475B.785 to 475B.949 is not subject to the labeling or other requirements of ORS 576.715 to
16 576.744 or 633.511 to 633.750.

17 **SECTION 39.** ORS 475B.640, 475B.650, 475B.772, 475B.840, 475B.843, 475B.846, 475B.849,
18 475B.852, 475B.855, 475B.858, 475B.861, 475B.864, 475B.867, 475B.870, 475B.873, 475B.898,
19 475B.901 and 475B.904 and section 174, chapter 614, Oregon Laws 2015, are repealed.

20 **SECTION 40.** (1) Sections 2 to 6 of this 2021 Act, the amendments to ORS 90.396, 323.505,
21 475B.063, 475B.167, 475B.206, 475B.286, 475B.301, 475B.496, 475B.555, 475B.605, 475B.610,
22 475B.615, 475B.620, 475B.625, 475B.635, 475B.766, 475B.778, 475B.791, 475B.810, 475B.816,
23 475B.876, 475B.879, 475B.885, 475B.888, 475B.895, 475B.907, 475B.922, 475B.928, 475B.940,
24 475B.965 and 475B.968 by sections 7 to 38 of this 2021 Act and the repeal of ORS 475B.640,
25 475B.650, 475B.772, 475B.840, 475B.843, 475B.846, 475B.849, 475B.852, 475B.855, 475B.858,
26 475B.861, 475B.864, 475B.867, 475B.870, 475B.873, 475B.898, 475B.901 and 475B.904 and section
27 174, chapter 614, Oregon Laws 2015, by section 39 of this 2021 Act become operative on Jan-
28 uary 1, 2022.

29 (2) The Oregon Health Authority and the Oregon Liquor Control Commission may take
30 any action before the operative date specified in subsection (1) of this section that is neces-
31 sary to enable the authority and the commission to exercise, on and after the operative date
32 specified in subsection (1) of this section, all of the duties, functions and powers conferred
33 on the authority and the commission by sections 2 to 6 of this 2021 Act, the amendments to
34 ORS 90.396, 323.505, 475B.063, 475B.167, 475B.206, 475B.286, 475B.301, 475B.496, 475B.555,
35 475B.605, 475B.610, 475B.615, 475B.620, 475B.625, 475B.635, 475B.766, 475B.778, 475B.791,
36 475B.810, 475B.816, 475B.876, 475B.879, 475B.885, 475B.888, 475B.895, 475B.907, 475B.922,
37 475B.928, 475B.940, 475B.965 and 475B.968 by sections 7 to 38 of this 2021 Act and the repeal
38 of ORS 475B.640, 475B.650, 475B.772, 475B.840, 475B.843, 475B.846, 475B.849, 475B.852, 475B.855,
39 475B.858, 475B.861, 475B.864, 475B.867, 475B.870, 475B.873, 475B.898, 475B.901 and 475B.904 and
40 section 174, chapter 614, Oregon Laws 2015, by section 39 of this 2021 Act.

41 **SECTION 41.** (1) On and after October 1, 2021, a medical marijuana processing site and
42 a medical marijuana dispensary, as those terms are defined in section 2 of this 2021 Act, may
43 apply to the Oregon Liquor Control Commission for registration under sections 3 and 4 of
44 this 2021 Act.

45 (2) The Oregon Health Authority may not issue or renew a registration under ORS

1 **475B.840 or 475B.858 or collect fees for the issuance of an initial registration under ORS**
2 **475B.840 or 475B.858 on or after October 1, 2021.**

3
4 **MARIJUANA PLANT DIVERSITY**

5
6 **SECTION 42.** ORS 475B.070 is amended to read:

7 475B.070. (1) The production of marijuana is subject to regulation by the Oregon Liquor Control
8 Commission.

9 (2) A marijuana producer must have a production license issued by the commission for the
10 premises at which the marijuana is produced. To hold a production license issued under this section,
11 a marijuana producer:

12 (a) Must apply for a license in the manner described in ORS 475B.040;

13 (b) Must provide proof that the applicant is 21 years of age or older; and

14 (c) Must meet the requirements of any rule adopted by the commission under subsections (3) and
15 (4) of this section.

16 (3)(a) If the applicant is not the owner of the premises at which the marijuana is to be produced,
17 the applicant shall submit to the commission signed informed consent from the owner of the prem-
18 ises to produce marijuana at the premises.

19 (b) The commission may adopt rules regarding the informed consent described in this subsection.

20 (4) The commission shall adopt rules that:

21 (a) Require a marijuana producer to annually renew a license issued under this section;

22 (b) Establish application, licensure and renewal of licensure fees for marijuana producers;

23 (c) Require marijuana produced by marijuana producers to be tested in accordance with ORS
24 475B.555;

25 (d) Assist the viability of marijuana producers that are independently owned and operated and
26 that are limited in size and revenue with respect to other marijuana producers, by minimizing bar-
27 riers to entry into the regulated system and by expanding, to the extent practicable, transportation
28 options that will support their access to the retail market;

29 (e) Allow a marijuana producer registered under ORS 475B.136 to produce marijuana for medical
30 purposes in the same manner that rules adopted under ORS 475B.010 to 475B.545 allow a marijuana
31 producer to produce marijuana for nonmedical purposes, excepting those circumstances where dif-
32 ferentiating between the production of marijuana for medical purposes and the production of
33 marijuana for nonmedical purposes is necessary to protect the public health and safety;

34 (f) Require marijuana producers to submit, at the time of applying for or renewing a license
35 under ORS 475B.040, a report describing the applicant's or licensee's electrical or water usage;
36 [and]

37 (g) Require a marijuana producer to meet any public health and safety standards and industry
38 best practices established by the commission by rule related to the production of marijuana or the
39 propagation of immature marijuana plants and marijuana seeds; **and**

40 **(h) Support marijuana plant diversity by allowing a qualified marijuana producer to re-**
41 **ceive marijuana seeds from any source in this state.**

42 (5) Fees adopted under subsection (4)(b) of this section:

43 (a) May not exceed, together with other fees collected under ORS 475B.010 to 475B.545, the cost
44 of administering ORS 475B.010 to 475B.545;

45 (b) Shall be in the form of a schedule that imposes a greater fee for premises with more square

1 footage or on which more marijuana plants are grown; and

2 (c) Shall be deposited in the Marijuana Control and Regulation Fund established under ORS
3 475B.296.

4 **SECTION 43.** (1) The amendments to ORS 475B.070 by section 42 of this 2021 Act become
5 operative on January 1, 2022.

6 (2) The Oregon Liquor Control Commission may take any action before the operative date
7 specified in subsection (1) of this section that is necessary to enable the commission, on and
8 after the operative date specified in subsection (1) of this section, all of the duties, functions
9 and powers conferred on the commission by the amendments to ORS 475B.070 by section 42
10 of this 2021 Act.

11
12 **INDUSTRIAL HEMP**

13
14 **SECTION 44.** Sections 45 to 48 of this 2021 Act are added to and made a part of ORS
15 571.260 to 571.348.

16 **SECTION 45.** (1) The State Department of Agriculture shall adopt rules to require that
17 a grower registered under ORS 571.281 accurately report to the department:

18 (a) That the grower does not intend to plant an industrial hemp crop at the location for
19 which a registration is issued under ORS 571.281; or

20 (b) Any loss of all or part of an industrial hemp crop.

21 (2) The rules adopted under this section must include a timeline for reporting to the de-
22 partment and may include other rules necessary to carry out this section.

23 **SECTION 46.** (1) If the industrial hemp crop of a grower registered under ORS 571.281 is
24 found to contain an average tetrahydrocannabinol concentration that exceeds the limit de-
25 scribed in ORS 571.281 (7) and the State Department of Agriculture requires the grower to
26 destroy or remediate the industrial hemp crop, the grower shall provide documentation to
27 the department of the destruction or remediation.

28 (2) The department shall adopt rules to carry out this section, including rules to specify
29 acceptable documentation for purposes of subsection (1) of this section and timelines for
30 providing the documentation to the department.

31 **SECTION 47.** (1) If a person that plants an industrial hemp crop prior to applying for a
32 grower registration under ORS 571.281, the State Department of Agriculture shall:

33 (a) Prioritize the person's industrial hemp crop for inspection under ORS 571.281 (7); and

34 (b) Require the person to enter into a corrective action plan with the department.

35 (2) If the person described in subsection (1) of this section does not enter into a correc-
36 tive action plan pursuant to subsection (1) of this section, the department may not issue a
37 registration to the person under ORS 571.281.

38 (3) The department may adopt rules to carry out this section, including rules to establish
39 the corrective action plan described in subsection (1) of this section.

40 **SECTION 48.** The State Department of Agriculture may enter into an agreement with the
41 Oregon Liquor Control Commission that authorizes the commission to assist the department
42 in carrying out the inspections under ORS 571.281 (7). An agreement under this section may
43 authorize the commission to carry out inspections under ORS 571.281 (7) on behalf of the
44 department.

45 **SECTION 49.** ORS 571.285 is amended to read:

1 571.285. (1) Subject to the provisions of ORS chapter 183, the State Department of Agriculture
2 may revoke the registration of a grower, handler or agricultural hemp seed producer or refuse to
3 register or renew the registration if a grower, handler or agricultural hemp seed producer violates:

4 (a) A provision of ORS 571.260 to 571.348;

5 (b) A rule adopted under a provision of ORS 571.260 to 571.348;

6 (c) An order issued by the department pursuant to a provision of ORS 571.260 to 571.348 or a
7 rule adopted under a provision of ORS 571.260 to 571.348, **including an order of detainment issued**
8 **under ORS 571.281**; or

9 (d) Any statutory law or department rule related to agricultural activities other than industrial
10 hemp operations.

11 (2) The department may not discipline a grower, handler or agricultural hemp seed producer
12 under this section on the basis that possessing, delivering and manufacturing industrial hemp are
13 prohibited by federal law.

14 **SECTION 50.** ORS 571.348 is amended to read:

15 571.348. (1) Subject to the provisions of ORS chapter 183, the State Department of Agriculture
16 may impose a civil penalty not to exceed \$2,500 on a person for violating:

17 (a) A provision of ORS 571.260 to 571.348;

18 (b) A rule adopted under a provision of ORS 571.260 to 571.348; or

19 (c) An order issued by the department pursuant to a provision of ORS 571.260 to 571.348 or a
20 rule adopted under a provision of ORS 571.260 to 571.348.

21 **(2) In addition to the penalty described in subsection (1) of this section, subject to the**
22 **provisions of ORS chapter 183, the department may impose a civil penalty not to exceed**
23 **\$10,000 on a person if the person is a grower registered under ORS 571.281 and the depart-**
24 **ment determines that the person's industrial hemp crop contains an average**
25 **tetrahydrocannabinol concentration of at least 10 percent on a dry weight basis.**

26 [(2)] (3) The department may not discipline a person under this section on the basis that pos-
27 sessing, delivering and manufacturing industrial hemp are prohibited by federal law.

28 [(3)] (4) All moneys collected by the department under this section shall be deposited in the
29 General Fund in the State Treasury to the credit of the Industrial Hemp Fund established under
30 ORS 571.278.

31 **SECTION 51.** (1) Sections 45 to 48 of this 2021 Act and the amendments to ORS 571.285
32 and 571.348 by sections 49 and 50 of this 2021 Act become operative on January 1, 2022.

33 (2) The State Department of Agriculture and the Oregon Liquor Control Commission may
34 take any action before the operative date specified in subsection (1) of this section that is
35 necessary to enable the department and the commission to exercise, on or after the opera-
36 tive date specified in subsection (1) of this section, all of the duties, functions and powers
37 conferred on the department and the commission by sections 45 to 48 of this 2021 Act and
38 the amendments to ORS 571.285 and 571.348 by sections 49 and 50 of this 2021 Act.

39
40 **CAPTIONS**

41
42 **SECTION 52.** The unit captions used in this 2021 Act are provided only for the conven-
43 ience of the reader and do not become part of the statutory law of this state or express any
44 legislative intent in the enactment of this 2021 Act.

EFFECTIVE DATE

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5

SECTION 53. This 2021 Act takes effect on the 91st day after the date on which the 2021 regular session of the Eighty-first Legislative Assembly adjourns sine die.
