

House Bill 3239

Sponsored by Representative POST

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 **as introduced**.

Establishes limits on where cannabis may be processed. Requires local fire safety plan for chemical processing of cannabis.

A BILL FOR AN ACT

1
2 Relating to cannabis processing; creating new provisions; and amending ORS 215.255, 475B.090 and
3 475B.840.

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

SECTION 1. (1) As used in this section:

6 (a) **“Chemically processing cannabis” includes processing cannabis through any form of
7 chemical extraction except for an extraction process using water as the only solvent.**

8 (b) **“Process cannabis” means to separate cannabinoids from marijuana or hemp, includ-
9 ing industrial hemp concentrate, industrial hemp extract, marijuana extract, cannabinoid
10 concentrate or cannabinoid extract under ORS 475B.090, 475B.840 or 571.336**

11 (2) **Chemically processing cannabis may only be sited on a premises that is:**

12 (a) **In an area zoned to allow industrial uses;**

13 (b) **Not within 2,000 feet of areas zoned for residential uses; and**

14 (c) **Subject to a fire safety plan approved by a local fire department.**

15 (3) **A premises that processes cannabis may not use stadium-style lighting visible from
16 outside the facility before 7 a.m. or after 7 p.m.**

17 (4) **The Oregon Health Authority, Oregon Liquor Control Commission and the State De-
18 partment of Agriculture may not register or license, or renew a registration or license, for
19 a premises chemically processing cannabis that does not comply with this section.**

20 **SECTION 2.** ORS 215.255 is amended to read:

21 215.255. (1) As used in this section:

22 (a) **“Biofuel” has the meaning given that term in ORS 315.141.**

23 (b) **“Facility for the processing of farm products” means a facility for:**

24 (A) **Processing farm crops, including the production of biofuel[,] if at least one-quarter of the
25 farm crops come from the farm operation containing the facility, but not including chemically
26 processing cannabis under section 1 of this 2021 Act; or**

27 (B) **Slaughtering, processing or selling poultry or poultry products from the farm operation
28 containing the facility and consistent with the licensing exemption for a person under ORS 603.038
29 (2).**

30 (c) **“Processing area” means the floor area of a building dedicated to farm product processing.
31 “Processing area” does not include the floor area designated for preparation, storage or other farm**

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 use.

2 (2) A county may allow a facility for the processing of farm products as a permitted use under
3 ORS 215.213 (1)(u) and ORS 215.283 (1)(r) on land zoned for exclusive farm use, only if the facility:

4 (a) Uses less than 10,000 square feet for its processing area and complies with all applicable
5 siting standards; or

6 (b) Notwithstanding any applicable siting standard, uses less than 2,500 square feet for its pro-
7 cessing area.

8 (3) A county may not apply siting standards in a manner that prohibits the siting of a facility
9 for the processing of farm products under subsection (2)(a) of this section.

10 **SECTION 3. Section 4 of this 2021 Act is added to and made a part of ORS 571.260 to**
11 **571.348.**

12 **SECTION 4. A handler may only process industrial hemp at a premises that complies**
13 **with the requirements of section 1 of this 2021 Act.**

14 **SECTION 5.** ORS 475B.090 is amended to read:

15 475B.090. (1) The processing of marijuana items is subject to regulation by the Oregon Liquor
16 Control Commission.

17 (2) A marijuana processor must have a processor license issued by the commission for the
18 premises at which marijuana items are processed. To hold a processor license under this section, a
19 marijuana processor:

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

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

22 *[(c) If the marijuana processor processes marijuana extracts, may not be located in an area zoned*
23 *exclusively for residential use; and]*

24 **(c) Must comply with section 1 of this 2021 Act; and**

25 (d) Must meet the requirements of any rule adopted by the commission under subsection (3) of
26 this section.

27 (3) The commission shall adopt rules that:

28 (a) Require a marijuana processor to annually renew a license issued under this section;

29 (b) Establish application, licensure and renewal of licensure fees for marijuana processors;

30 (c) Require marijuana processed by a marijuana processor to be tested in accordance with ORS
31 475B.555;

32 (d) Allow a marijuana processor registered under ORS 475B.139 to process marijuana and usable
33 marijuana into medical grade cannabinoid products, cannabinoid concentrates and cannabinoid ex-
34 tracts in the same manner that rules adopted under ORS 475B.010 to 475B.545 allow a marijuana
35 processor to process marijuana and usable marijuana into general use cannabinoid products,
36 cannabinoid concentrates and cannabinoid extracts, excepting those circumstances where differen-
37 tiating between the processing of medical grade cannabinoid products, cannabinoid concentrates and
38 cannabinoid extracts and the processing of general use cannabinoid products, cannabinoid concen-
39 trates and cannabinoid extracts is necessary to protect the public health and safety; and

40 (e) Require a marijuana processor to meet any public health and safety standards and industry
41 best practices established by the commission by rule related to:

42 (A) Cannabinoid edibles;

43 (B) Cannabinoid concentrates;

44 (C) Cannabinoid extracts; and

45 (D) Any other type of cannabinoid product identified by the commission by rule.

1 (4) Fees adopted under subsection (3)(b) of this section:

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

4 (b) Shall be deposited in the Marijuana Control and Regulation Fund established under ORS
5 475B.296.

6 **SECTION 6.** ORS 475B.840 is amended to read:

7 475B.840. (1)(a) The Oregon Health Authority shall establish by rule a marijuana processing site
8 registration system to track and regulate the processing of marijuana by a person responsible for
9 a marijuana processing site.

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

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

14 (2) The registration system established under subsection (1) of this section must require an ap-
15 plicant for a marijuana processing site to submit an application to the authority that includes:

16 (a) The name of the individual who owns the marijuana processing site or, if a business entity
17 owns the marijuana processing site, the name of each individual who has a financial interest in the
18 marijuana processing site;

19 (b) The name of the individual or individuals responsible for the marijuana processing site, if
20 different from the name of the individual who owns the marijuana processing site;

21 (c) The address of the marijuana processing site;

22 (d) Proof that each individual responsible for the marijuana processing site is 21 years of age
23 or older;

24 (e) Documentation, as required by the authority by rule, that demonstrates the marijuana pro-
25 cessing site meets the requirements of subsection (3) of this section; and

26 (f) Any other information that the authority considers necessary.

27 (3) To qualify for registration under this section, a marijuana processing site:

28 *[(a) May not be located in an area that is zoned for residential use if the marijuana processing site
29 processes cannabinoid extracts;]*

30 (a) **Must comply with section 1 of this 2021 Act;**

31 (b) Must be registered as a business, or have filed an application to register as a business, with
32 the office of the Secretary of State; and

33 (c) Must meet the requirements of any rule adopted by the authority under subsection (10) of
34 this section.

35 (4)(a) The authority shall conduct a criminal records check under ORS 181A.195 for each indi-
36 vidual named in an application under subsection (2) of this section.

37 (b) An individual convicted for the manufacture or delivery of a controlled substance in Sched-
38 ular I or Schedule II may not own or be responsible for a marijuana processing site for two years
39 from the date the individual is convicted.

40 (c) An individual convicted more than once for the manufacture or delivery of a controlled
41 substance in Schedule I or Schedule II may not own or be responsible for a marijuana processing
42 site.

43 (5) If a person submits the application required under subsection (2) of this section, if the
44 marijuana processing site identified in the application meets the requirements of this section and
45 any rules adopted under this section and if each individual named in the application passes the

1 criminal records check required under subsection (4) of this section, the authority shall register the
2 marijuana processing site and issue proof of registration. Proof of registration must be displayed on
3 the premises of the marijuana processing site at all times.

4 (6) A marijuana processing site that is registered under this section is not required to register
5 with the State Board of Pharmacy under ORS 475.125.

6 (7) The individual or individuals responsible for a marijuana processing site shall maintain doc-
7 umentation of each transfer of usable marijuana, medical cannabinoid products, cannabinoid con-
8 centrates and cannabinoid extracts.

9 (8) The authority may inspect:

10 (a) The premises of a proposed marijuana processing site or a registered marijuana processing
11 site to ensure compliance with this section and ORS 475B.846 and 475B.849 and any rules adopted
12 under this section and ORS 475B.846 and 475B.849; and

13 (b) The records of a registered marijuana processing site to ensure compliance with subsection
14 (7) of this section.

15 (9) Subject to the provisions of ORS chapter 183, the authority may refuse to register an appli-
16 cant under this section or may suspend or revoke the registration of a marijuana processing site if
17 the authority determines that the applicant, the owner of the marijuana processing site, a person
18 responsible for the marijuana processing site, or an employee of the marijuana processing site, vio-
19 lated a provision of ORS 475B.785 to 475B.949, a rule adopted under ORS 475B.785 to 475B.949 or
20 an ordinance adopted pursuant to ORS 475B.928.

21 (10) The authority shall adopt rules to implement this section, including rules that:

22 (a) Require a registered marijuana processing site to annually renew the registration for that
23 site;

24 (b) Establish fees for registering, and renewing the registration of, a marijuana processing site;

25 (c) Require that medical cannabinoid products, cannabinoid concentrates and cannabinoid ex-
26 tracts transferred by a marijuana processing site be tested to ensure the public health and safety;
27 and

28 (d) Impose any other standard on the operation of a marijuana processing site to ensure the
29 public health and safety.

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