

# House Bill 4016

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Economic Recovery and Prosperity for Representative John Lively)

## 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**.

Authorizes Oregon Liquor and Cannabis Commission to, based on supply of and demand for marijuana, refuse to issue initial marijuana production licenses for amount of time commission determines necessary. Requires commission to study effects of refusal to issue production licenses and submit report annually to interim committee of Legislative Assembly related to economic development. Authorizes State Department of Agriculture to, based on supply of and demand for industrial hemp, refuse to issue industrial hemp grower licenses for amount of time department determines necessary. Requires department to study effects of refusal to issue grower licenses and submit report annually to interim committee of Legislative Assembly related to agriculture. Sunsets authority March 31, 2024.

Allows commission to establish by rule program to assign expired, relinquished or otherwise surrendered licenses to qualified applicants. Becomes operative July 1, 2022.

Subjects building or premises used for unlawful growing or handling of industrial hemp to lien and allows building or premises to be sold to pay all fines and costs. Allows immediate enforcement of lien by civil action. Requires employee or worker of marijuana licensee to report human trafficking on licensed premises to commission. Directs commission to establish human trafficking coordinator position. Authorizes commission to allow certain licensed marijuana retailers to relocate to other premises without obtaining new license. Specifies that building or premises used for unlawful marijuana production, processing, sale or use may be sold to pay all fines and costs. Allows immediate enforcement of lien by civil action. Becomes operative January 1, 2023.

Declares emergency, effective on passage.

## A BILL FOR AN ACT

1  
2 Relating to cannabis; creating new provisions; amending ORS 475C.105, 475C.409 and 475C.608; and  
3 declaring an emergency.

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

## CANNABIS PRODUCTION MORATORIA

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8 **SECTION 1. (1) The Oregon Liquor and Cannabis Commission may, based on the supply**  
9 **of and demand for marijuana, as defined in ORS 475C.009, refuse to issue production licenses**  
10 **under ORS 475C.065 for an amount of time that the commission determines necessary.**

11 **(2) Subsection (1) of this section does not apply to the renewal of a production license**  
12 **under ORS 475C.065 or to the issuance or reissuance of a production license under ORS**  
13 **475C.065 necessitated by a change in the location or ownership of a production facility or**  
14 **premises.**

15 **(3)(a) Except as provided in paragraph (b) of this subsection, the commission shall pro-**  
16 **cess an application for a production license under ORS 475C.065 if the application was re-**  
17 **ceived on or before January 1, 2022.**

18 **(b) An applicant that submitted an application described in paragraph (a) of this sub-**  
19 **section that did not submit a land use compatibility statement required under ORS 475C.053**  
20 **may submit the land use compatibility statement within 21 days of the effective date of this**

**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 2022 Act. If the land use compatibility statement is timely submitted, the commission shall  
 2 process the application. If a land use compatibility statement is not timely submitted, the  
 3 commission shall inactivate the application.

4 (4) An applicant that submitted an application for a production license under ORS  
 5 475C.065 on or before January 1, 2022, may not change:

6 (a) The location for which an application was submitted; or

7 (b) Fifty-one percent or more of the ownership of the production facility or the premises  
 8 for which the application for licensure was submitted.

9 (5) The commission shall inactivate an application for a production license under ORS  
 10 475C.065 that was received after January 1, 2022.

11 (6)(a) The commission shall adopt rules to establish timelines for the completion of ap-  
 12 plications for production licenses under ORS 475C.065, including rules to specify times by  
 13 which an applicant must complete any necessary steps for licensing after the applicant's  
 14 application is assigned to a commission staff member for processing.

15 (b) The commission may adopt other rules as necessary to carry out this section, in-  
 16 cluding rules that enable the commission to pause the processing of an application that has  
 17 been assigned to a commission staff member in consideration of commission resources to  
 18 process applications.

19 (7)(a) The commission shall study the effects of subsections (1) to (6) of this section on  
 20 the marijuana industry.

21 (b) Not later than March 20 of each year, the commission shall submit a report to an  
 22 interim committee of the Legislative Assembly related to economic development, in the  
 23 manner provided in ORS 192.245, on the findings of the study described in this subsection.

24 **SECTION 2.** (1) The State Department of Agriculture may, based on the supply of and  
 25 demand for industrial hemp, as defined in ORS 571.269, refuse to issue grower licenses under  
 26 ORS 571.281 for an amount of time that the department determines necessary.

27 (2) Subsection (1) of this section does not apply to the renewal of a grower license under  
 28 ORS 571.281.

29 (3) The department shall process an application for a grower license under ORS 571.281  
 30 if the application was received before January 1, 2022.

31 (4) An applicant that submitted an application for a grower license under ORS 571.281 on  
 32 or before January 1, 2022, may not change the address of the industrial hemp operation.

33 (5) The department shall inactivate an application for a grower license under ORS 571.281  
 34 that was received after January 1, 2022.

35 (6)(a) The department shall adopt rules to establish timelines for the completion of ap-  
 36 plications for grower licenses under ORS 571.281, including rules to specify times by which  
 37 an applicant must complete any necessary steps for licensing after the applicant's application  
 38 is assigned to a department staff member for processing.

39 (b) The department may adopt other rules as necessary to carry out this section, in-  
 40 cluding rules that enable the department to pause the processing of an application that has  
 41 been assigned to a department staff member in consideration of department resources to  
 42 process applications.

43 (7)(a) The department shall study the effects of subsections (1) to (6) of this section on  
 44 the industrial hemp industry.

45 (b) Not later than March 30 of each year, the department shall submit a report to a

1 committee of the Legislative Assembly related to agriculture, in the manner provided in ORS  
2 192.245, on the findings of the study described in this subsection.

3 **SECTION 3.** Sections 1 and 2 of this 2022 Act are repealed on March 31, 2024.  
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5 **MARIJUANA LICENSE ASSIGNMENT PROGRAM**  
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7 **SECTION 4.** Section 5 of this 2022 Act is added to and made a part of ORS 475C.005 to  
8 475C.525.

9 **SECTION 5.** (1) The Oregon Liquor and Cannabis Commission may adopt rules to estab-  
10 lish a program to assign expired, relinquished or otherwise suspended licenses issued under  
11 ORS 475C.005 to 475C.525 to qualified applicants.

12 (2) In establishing and operating the program described in subsection (1) of this section,  
13 the commission may consult with other state agencies, including the Governor's office, as  
14 the commission determines is necessary.

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

16 **SECTION 6.** (1) Section 5 of this 2022 Act becomes operative on July 1, 2022.

17 (2) The Oregon Liquor and Cannabis Commission may take any action before the opera-  
18 tive date specified in subsection (1) of this section that is necessary to enable the commission  
19 to exercise, on and after the operative date specified in subsection (1) of this section, all of  
20 the duties, functions and powers conferred on the commission by section 5 of this 2022 Act.  
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22 **INDUSTRIAL HEMP LIENS**  
23

24 **SECTION 7.** Section 8 of this 2022 Act is added to and made a part of ORS 571.260 to  
25 571.348.

26 **SECTION 8.** If the owner of a building or premises knowingly has used the building or  
27 premises for, or allowed the building or premises to be occupied for, the growing or handling  
28 of industrial hemp contrary to ORS 571.260 to 571.348 or provisions of any other state law  
29 or local ordinance regulating the growing and handling of industrial hemp, the building or  
30 premises is subject to a lien for, and may be sold to pay all fines and costs, including but not  
31 limited to any costs of cleanup and removal of industrial hemp, assessed against the occu-  
32 pants of the building or premises for, any violation of ORS 571.260 to 571.348 or any other  
33 state law or local ordinance regulating the growing or handling of industrial hemp. The lien  
34 may be enforced immediately by civil action in a court that has jurisdiction over the area in  
35 which the building or premises is located, by the district attorney of the county in which the  
36 building or premises is located.  
37

38 **HUMAN TRAFFICKING**  
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40 **SECTION 9.** Section 10 of this 2022 Act is added to and made a part of ORS 475C.005 to  
41 475C.525.

42 **SECTION 10.** (1) As used in this section, "law enforcement agency" has the meaning  
43 given that term in ORS 471.271.

44 (2) An employee or worker at a premises licensed under ORS 475C.005 to 475C.525 or  
45 475C.540 to 475C.586 shall:

1 (a) Report to a law enforcement agency and to the Oregon Liquor and Cannabis Com-  
2 mission if the employee or worker has a reasonable belief that sex trafficking or other hu-  
3 man trafficking is occurring at the licensed premises; and

4 (b) Report to the commission if the employee or worker has a reasonable belief that a  
5 minor is employed or contracted at the licensed premises in a manner that violates com-  
6 mission rules.

7 (3) An employee or worker making a report under this section in good faith is immune  
8 from any criminal or civil liability for making the report.

9 (4) The commission may adopt rules to carry out this section.

10 **SECTION 11.** Section 12 of this 2022 Act is added to and made a part of ORS chapter 471.

11 **SECTION 12.** The Oregon Liquor and Cannabis Commission shall establish a human  
12 trafficking coordinator position within the commission to handle the reports made under  
13 ORS 471.271 and section 10 of this 2022 Act.

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15 **OTHER AMENDMENTS**

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17 **SECTION 13.** ORS 475C.105 is amended to read:

18 475C.105. (1) If a school described in ORS 475C.097 (2)(d) that has not previously been attended  
19 by children is established within 1,000 feet of a premises for which a license has been issued under  
20 ORS 475C.097, the marijuana retailer located at that premises may remain at that location unless  
21 the Oregon Liquor and Cannabis Commission revokes the license of the marijuana retailer under  
22 ORS 475C.265.

23 (2)(a) If the commission issues a license for a premises under ORS 475C.097 and, after  
24 issuance, the commission becomes aware that a school is located within 1,000 feet of the  
25 premises, the commission may allow the marijuana retailer to relocate to a premises that  
26 is not within 1,000 feet of the school without applying for and being issued a new license  
27 under ORS 475C.097.

28 (b) The commission may adopt rules to carry out this subsection.

29 **SECTION 14.** ORS 475C.409 is amended to read:

30 475C.409. If the owner of a building or premises knowingly has used the building or premises for,  
31 or allowed the building or premises to be occupied for, the production, processing, sale or use of  
32 marijuana items contrary to the provisions of ORS 475C.005 to 475C.525, 475C.540 to 475C.586,  
33 475C.600 to 475C.648 or 475C.770 to 475C.919, or contrary to the provisions of any other state law  
34 or local ordinance regulating the production, processing, sale or use of marijuana items, the building  
35 or premises is subject to a lien for, and may be sold to pay all fines and costs, **including but not**  
36 **limited to any costs of cleanup and removal of marijuana**, assessed against the occupants of the  
37 building or premises for, any violation of ORS 475C.005 to 475C.525, 475C.540 to 475C.586, 475C.600  
38 to 475C.648 or 475C.770 to 475C.919, or any other state law or local ordinance regulating the pro-  
39 duction, processing, sale or use of marijuana items. The lien *[must]* **may** be enforced immediately  
40 by civil action in a court that has jurisdiction over the area in which the building or premises is  
41 located, by the district attorney of the county in which the building or premises is located.

42 **SECTION 15.** ORS 475C.608 is amended to read:

43 475C.608. (1) As used in this section:

44 (a) "Licensee" has the meaning given that term in ORS 475C.009.

45 (b) "Registrant" means a person registered under ORS 475C.770 to 475C.919.

1 (2) The Oregon Liquor and Cannabis Commission may by rule require a licensee or person re-  
2 sponsible for the labeling of an inhalant delivery system that contains an industrial hemp-derived  
3 vapor item, and the Oregon Health Authority may by rule require a registrant, to submit a label  
4 intended for use on a marijuana item or an inhalant delivery system that contains an industrial  
5 hemp-derived vapor item for preapproval by the commission before the licensee, **person** or regis-  
6 trant may sell or transfer a marijuana item or an inhalant delivery system that contains an indus-  
7 trial hemp-derived vapor item bearing the label. The commission shall determine whether a label  
8 submitted under this section complies with ORS 475C.604 and any rule adopted under ORS 475C.604.

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

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12 **CAPTIONS**

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14 **SECTION 16. The unit captions used in this 2022 Act are provided only for the conven-**  
15 **ience of the reader and do not become part of the statutory law of this state or express any**  
16 **legislative intent in the enactment of this 2022 Act.**

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18 **OPERATIVE AND EFFECTIVE DATES**

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20 **SECTION 17. (1) Sections 8, 10 and 12 of this 2022 Act and the amendments to ORS**  
21 **475C.105, 475C.409 and 475C.608 by sections 13 to 15 of this 2022 Act become operative on**  
22 **January 1, 2023.**

23 (2) The Oregon Liquor and Cannabis Commission may take any action before the opera-  
24 tive date specified in subsection (1) of this section that is necessary to enable the commission  
25 to exercise, on and after the operative date specified in subsection (1) of this section, all of  
26 the duties, functions and powers conferred on the commission by section 8, 10 and 12 of this  
27 2022 Act and the amendments to ORS 475C.105, 475C.409 and 475C.608 by sections 13 to 15 of  
28 this 2022 Act.

29 **SECTION 18. This 2022 Act being necessary for the immediate preservation of the public**  
30 **peace, health and safety, an emergency is declared to exist, and this 2022 Act takes effect**  
31 **on its passage.**