

B-Engrossed
House Bill 4074

Ordered by the House February 24
Including House Amendments dated February 15 and February 24

Sponsored by Representatives WILDE, MORGAN, Senator KENNEMER, Representatives MARSH, SANCHEZ, Senator MANNING JR; Representatives ALONSO LEON, HUDSON, LEVY, REARDON, SCHARF, SCHOUTEN, SMITH DB, SMITH G, WEBER, WRIGHT, Senator HANSELL (Presession filed.)

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.

Requires employee or worker of marijuana licensee to report human trafficking on licensed premises to Oregon Liquor and Cannabis Commission. [*Directs commission to establish human trafficking coordinator position.*] Directs State Department of Agriculture to require any rebuttal testing of cannabis to be performed by department staff member in department-operated laboratory.

Includes community-based organizations as eligible entities to receive financial assistance from Illegal Marijuana Market Enforcement Grant Program in order to address ongoing humanitarian crisis associated with unlawful marijuana cultivation or distribution operations. Repeals sunset of Illegal Marijuana Market Enforcement Grant Program. Becomes operative on passage.

Authorizes commission to allow certain licensed marijuana retailers to relocate to other premises without obtaining new license. Requires marijuana testing laboratory employee to obtain worker permit from commission. Becomes operative on 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.269 and 475C.608 and
3 sections 13, 14 and 16, chapter 103, Oregon Laws 2018, and section 41a, chapter 542, Oregon
4 Laws 2021; repealing sections 17 and 26, chapter 103, Oregon Laws 2018; and declaring an
5 emergency.

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

7 **SECTION 1. Section 2 of this 2022 Act is added to and made a part of ORS 475C.005 to**
8 **475C.525.**

9 **SECTION 2. (1) As used in this section, "law enforcement agency" has the meaning given**
10 **that term in ORS 471.271.**

11 **(2) An employee or worker at a premises licensed under ORS 475C.005 to 475C.525 or**
12 **475C.540 to 475C.586 shall:**

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

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

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

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

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 **SECTION 3.** ORS 475C.105 is amended to read:

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

7 **(2)(a) If the commission issues a license for a premises under ORS 475C.097 and, after**
8 **issuance, the commission becomes aware that a school established prior to issuance of the**
9 **license is located within 1,000 feet of the premises, the commission may allow the marijuana**
10 **retailer to relocate to a premises that is not within 1,000 feet of the school without applying**
11 **for and being issued a new license under ORS 475C.097.**

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

13 **SECTION 4.** ORS 475C.269 is amended to read:

14 475C.269. (1) An individual who performs work for or on behalf of a licensee **or a laboratory**
15 **licensed under ORS 475C.548** must have a valid permit issued by the Oregon Liquor and Cannabis
16 Commission under ORS 475C.273 if the individual participates in:

17 (a) The delivery, possession, production, propagation, processing, **sampling**, securing [or], selling
18 **or testing** of marijuana items at the premises **or laboratory** for which the license has been issued;

19 (b) The recording of the delivery, possession, production, propagation, processing, **sampling**,
20 securing [or], selling **or testing** of marijuana items at the premises **or laboratory** for which the li-
21 cense has been issued; or

22 (c) The verification of any document described in ORS 475C.217.

23 (2) A licensee **or a laboratory licensed under ORS 475C.548** must verify that an individual has
24 a valid permit issued under ORS 475C.273 before allowing the individual to perform, **or continue**
25 **to perform**, any work described in subsection (1) of this section at the premises **or laboratory** for
26 which the license has been issued.

27 **SECTION 5.** ORS 475C.608 is amended to read:

28 475C.608. (1) As used in this section:

29 (a) “Licensee” has the meaning given that term in ORS 475C.009.

30 (b) “Registrant” means a person registered under ORS 475C.770 to 475C.919.

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

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

41 **SECTION 6.** Section 41a, chapter 542, Oregon Laws 2021, is amended to read:

42 **Sec. 41a.** (1) The Oregon Liquor and Cannabis Commission, in consultation with the State De-
43 partment of Agriculture, shall develop by rule a methodology to distinguish whether a cannabis
44 plant is marijuana or industrial hemp for purposes of sections 40 to 44 [of this 2021 Act], **chapter**
45 **542, Oregon Laws 2021.** The methodology must include testing criteria and cannabinoid concen-

1 trations above which immature or mature cannabis plants are presumptively considered to be
2 marijuana.

3 **(2) If a cannabis plant is presumptively considered to be marijuana under subsection (1)**
4 **of this section, the presumption may be rebutted through additional testing, as determined**
5 **by the department by rule, in consultation with the commission. The rules adopted pursuant**
6 **to this subsection must require that the rebuttal testing and sampling for the rebuttal test-**
7 **ing be conducted by a department staff member in a laboratory operated by the department.**

8 [(2)] (3) The department may order a person registered or licensed under ORS 571.281 to destroy
9 any cannabis plants located at an industrial hemp operation for which the person described in this
10 subsection is responsible if the cannabis plants are presumptively considered to be marijuana under
11 the methodology adopted pursuant to subsection (1) of this section, **and after any rebuttal testing**
12 **pursuant to subsection (2) of this section.**

13 **SECTION 7.** Section 13, chapter 103, Oregon Laws 2018, as amended by section 1, chapter 3,
14 Oregon Laws 2021 (second special session), is amended to read:

15 **Sec. 13.** (1) The Illegal Marijuana Market Enforcement Grant Program is established to assist
16 cities and counties with the costs incurred by local law enforcement agencies **and community-**
17 **based organizations** in addressing unlawful marijuana cultivation or distribution operations.

18 (2) The Oregon Criminal Justice Commission shall administer the grant program described in
19 subsection (1) of this section and shall award the grants described in this section.

20 (3) The commission shall adopt rules to administer the grant program. Rules adopted under this
21 section must include:

22 (a) A methodology for reviewing and approving grant applications and awarding grants; and

23 (b) A process for evaluating the efficacy of local law enforcement programs and services funded
24 by the grant program.

25 (4) Moneys distributed to grant recipients under this section must be spent on costs associated
26 with addressing and prosecuting unlawful marijuana cultivation or distribution operations.

27 (5) The commission shall prioritize the following when awarding grants under this section:

28 (a) Providing financial assistance to local law enforcement agencies and district attorneys in
29 rural areas of this state to address unlawful marijuana cultivation or distribution operations;

30 (b) Supporting local law enforcement agencies and district attorneys in investigating and pros-
31 ecuting large-scale unlawful marijuana cultivation or distribution operations;

32 (c) Providing financial assistance to local law enforcement agencies and district attorneys in the
33 investigation and prosecution of organized crime involved in unlawful marijuana cultivation or dis-
34 tribution operations;

35 (d) Providing financial assistance to local law enforcement agencies and district attorneys in the
36 investigation and prosecution of unlawful marijuana cultivation or distribution operations that di-
37 vert marijuana outside of this state; and

38 (e) Providing financial assistance to local law enforcement agencies [*to partner with*] **and**
39 **community-based organizations** in order to address the ongoing humanitarian crisis associated with
40 unlawful marijuana cultivation or distribution operations and to facilitate connections to any nec-
41 essary assistance and services for individuals impacted by the humanitarian crisis, including but not
42 limited to language translation services and housing and legal assistance.

43 **SECTION 8.** Section 16, chapter 103, Oregon Laws 2018, as amended by section 39, chapter 542,
44 Oregon Laws 2021, is amended to read:

45 **Sec. 16.** [(1)] Notwithstanding ORS [475B.759] **475C.726**, before making any other distribution

1 from the Oregon Marijuana Account established under ORS [475B.759] **475C.726**, the Department of
2 Revenue shall first distribute quarterly from the account the following:

3 [(a)] (1) \$875,000 to the Oregon Liquor and Cannabis Commission for deposit in the Marijuana
4 Control and Regulation Fund established under ORS [475B.296] **475C.297**; and

5 [(b)] (2) \$750,000 to the Oregon Criminal Justice Commission for deposit into the Illegal
6 Marijuana Market Enforcement Grant Program Fund established under section 15, chapter 103,
7 Oregon Laws 2018, for the purposes of paying the costs incurred by the commission in carrying out
8 the provisions of section 13, chapter 103, Oregon Laws 2018.

9 [(2) *The final distribution made under subsection (1) of this section shall be made in the fiscal*
10 *quarter beginning on October 1, 2023.*]

11 **SECTION 9.** Section 14, chapter 103, Oregon Laws 2018, is amended to read:

12 **Sec. 14. (1)** [Not later than January 1, 2020, and] Not later than January 1 of each year [there-
13 after], the Oregon Criminal Justice Commission shall submit a report in the manner provided in ORS
14 192.245 on the status and effectiveness of the Illegal Marijuana Market Enforcement Grant Program
15 established under section 13 [of this 2018 Act], **chapter 103, Oregon Laws 2018**, to the interim
16 committees of the Legislative Assembly related to the judiciary.

17 **(2) Not later than January 1 of each year, the commission shall submit a report in the**
18 **manner provided in ORS 192.245 on recommendations for changes to the funding of the Ille-**
19 **gal Marijuana Market Enforcement Grant Program to the interim committees of the Legis-**
20 **lative Assembly related to the judiciary. In making the recommendations described in this**
21 **subsection, the commission shall consider the best available information and projections re-**
22 **garding unlawful marijuana cultivation and distribution operations in this state and any hu-**
23 **man trafficking related to those operations.**

24 **SECTION 10.** Sections 17 and 26, chapter 103, Oregon Laws 2018, are repealed.

25 **SECTION 11.** In addition to and not in lieu of any other appropriation, there is appro-
26 priated to the Oregon Criminal Justice Commission, for the biennium ending June 30, 2023,
27 out of the General Fund, the amount of \$6,000,000, for deposit into the Illegal Marijuana
28 Market Enforcement Grant Program Fund established under section 15, chapter 103, Oregon
29 Laws 2018, for the purpose of responding to humanitarian crises associated with unlawful
30 marijuana cultivation and distribution operations.

31 **SECTION 12.** Notwithstanding any other law limiting expenditures, the limitation on
32 expenditures established by section 3, chapter 379, Oregon Laws 2021, for the biennium end-
33 ing June 30, 2023, as the maximum limit for payment of expenses from fees, moneys or other
34 revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds,
35 collected or received by the Oregon Criminal Justice Commission, is increased by \$6,000,000,
36 for additional grants under the Illegal Marijuana Market Enforcement Grant Program es-
37 tablished under section 13, chapter 103, Oregon Laws 2018, for financial assistance to
38 community-based organizations that are responding to the humanitarian crises associated
39 with unlawful marijuana cultivation and distribution operations.

40 **SECTION 13.** Notwithstanding any other law limiting expenditures, the limitation on
41 expenditures established by section 3, chapter 379, Oregon Laws 2021, for the biennium end-
42 ing June 30, 2023, as the maximum limit for payment of expenses from fees, moneys or other
43 revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds,
44 collected or received by the Oregon Criminal Justice Commission, is increased by \$130,978.

45 **SECTION 14.** Notwithstanding any other law limiting expenditures, the limitation on

1 expenditures established by section 1 (1), chapter 640, Oregon Laws 2021, for the biennium
2 ending June 30, 2023, as the maximum limit for payment of fees, moneys or other revenues,
3 including Miscellaneous Receipts, but excluding lottery funds and federal funds collected or
4 received by the Oregon Liquor and Cannabis Commission for administrative expenses, is in-
5 creased by \$155,127.

6 SECTION 15. (1) The amendments to ORS 475C.105, 475C.269 and 475C.608 by sections 3
7 to 5 of this 2022 Act become operative on January 1, 2023.

8 (2) The Oregon Liquor and Cannabis Commission may take any action before the opera-
9 tive date specified in subsection (1) of this section that is necessary to enable the commission
10 to exercise, on and after the operative date specified in subsection (1) of this section, all of
11 the duties, functions and powers conferred on the commission by the amendments to ORS
12 475C.105, 475C.269 and 475C.608 by sections 3 to 5 of this 2022 Act.

13 SECTION 16. This 2022 Act being necessary for the immediate preservation of the public
14 peace, health and safety, an emergency is declared to exist, and this 2022 Act takes effect
15 on its passage.
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