

A-Engrossed Senate Bill 1587

Ordered by the Senate February 16
Including Senate Amendments dated February 16

Sponsored by Senator HANSELL, Representative MORGAN; Senators ANDERSON, FINDLEY, KENNEMER, THATCHER, Representatives NOBLE, SCHARF, SMITH DB, SMITH G, WILDE (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.

[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.]

[Authorizes Oregon Liquor and Cannabis 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. 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.]

Includes community-based organizations as entities eligible 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.

Directs Department of Revenue to make quarterly distributions from Oregon Marijuana Account to Oregon Criminal Justice Commission for costs incurred in awarding grants to community-based organizations. Requires commission to report to interim committees of Legislative Assembly on recommendations for changes to funding for grant program. Delays sunset of program until June 30, 2025.

Directs department to make one-time transfer of funds to cities and counties in this state.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to cannabis; creating new provisions; amending sections 13, 14, 16 and 26, chapter 103,
3 Oregon Laws 2018; and declaring an emergency.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 **SECTION 2.** Section 16, chapter 103, Oregon Laws 2018, as amended by section 39, chapter 542,
20 Oregon Laws 2021, is amended to read:

21 **Sec. 16.** [(1)] Notwithstanding ORS [475B.759] **475C.726**, before making any other distribution
22 from the Oregon Marijuana Account established under ORS [475B.759] **475C.726**, the Department of
23 Revenue shall first distribute quarterly from the account the following:

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

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

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

32 **SECTION 3.** Section 16, chapter 103, Oregon Laws 2018, as amended by section 39, chapter 542,
33 Oregon Laws 2021, and section 2 of this 2022 Act, is amended to read:

34 **Sec. 16.** (1) Notwithstanding ORS 475C.726, before making any other distribution from the
35 Oregon Marijuana Account established under ORS 475C.726, the Department of Revenue shall first
36 distribute quarterly from the account the following:

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

39 [(2) \$750,000 to the Oregon Criminal Justice Commission for deposit into the Illegal Marijuana
40 Market Enforcement Grant Program Fund established under section 15, chapter 103, Oregon Laws
41 2018, for the purposes of paying the costs incurred by the commission in carrying out the provisions
42 of section 13, chapter 103, Oregon Laws 2018.]

43 (b) **\$3,250,000 to the Oregon Criminal Justice Commission for deposit into the Illegal**
44 **Marijuana Market Enforcement Grant Program Fund established under section 15, chapter**
45 **103, Oregon Laws 2018, for the purposes of paying the costs incurred by the commission in**

1 awarding grants to law enforcement agencies under section 13, chapter 103, Oregon Laws
2 2018; and

3 (c) \$750,000 to the Oregon Criminal Justice Commission for deposit into the Illegal
4 Marijuana Market Enforcement Grant Program Fund established under section 15, chapter
5 103, Oregon Laws 2018, for the purposes of paying the costs incurred by the commission in
6 awarding grants to community-based organizations under section 13, chapter 103, Oregon
7 Laws 2018.

8 (2) The final distribution made under subsection (1) of this section shall be made in the
9 fiscal quarter beginning on April 1, 2025.

10 **SECTION 4.** The amendments to section 16, chapter 103, Oregon Laws 2018, by section 3
11 of this 2022 Act become operative on July 1, 2023.

12 **SECTION 5.** Section 14, chapter 103, Oregon Laws 2018, is amended to read:

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

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

25 **SECTION 6.** Section 26, chapter 103, Oregon Laws 2018, is amended to read:

26 **Sec. 26.** Sections 13 to 16 [*of this 2018 Act*], **chapter 103, Oregon Laws 2018**, are repealed on
27 [*January 2, 2024*] **June 30, 2025**.

28 **SECTION 7.** Notwithstanding any other law limiting expenditures, the limitation on
29 expenditures established by section 3, chapter 379, Oregon Laws 2021, for the biennium end-
30 ing June 30, 2023, as the maximum limit for payment of expenses from fees, moneys or other
31 revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds,
32 collected or received by the Oregon Criminal Justice Commission, is increased by \$4,500,000
33 for financial assistance to community-based organizations for the purposes described in
34 section 13, chapter 103, Oregon Laws 2018.

35 **SECTION 8.** (1) The Department of Revenue shall make a one-time transfer of \$25,000,000
36 to the cities of this state as follows:

37 (a) Seventy-five percent of the \$25,000,000 must be transferred in shares that reflect the
38 population of each city of this state that is not exempt from this subsection pursuant to
39 subsection (3)(a) of this section compared to the population of all cities of this state that are
40 not exempt from this subsection pursuant to subsection (3)(a) of this section, as determined
41 by Portland State University under ORS 190.510 to 190.610, on the date immediately preceding
42 the date of the transfer; and

43 (b) Twenty-five percent of the \$25,000,000 must be transferred in shares that reflect the
44 number of licenses held pursuant to ORS 475C.065, 475C.085, 475C.093 and 475C.097 on the last
45 business day of the calendar quarter preceding the date of the transfer for premises located

1 in each city compared to the number of licenses held pursuant to ORS 475C.065, 475C.085,
2 475C.093 and 475C.097 on the last business day of that calendar quarter for all premises in
3 this state located in cities.

4 (2) The department shall make a one-time transfer of \$25,000,000 to counties as follows:

5 (a) Fifty percent of the \$25,000,000 must be transferred in shares that reflect the total
6 commercially available area of all grow canopies associated with marijuana producer licenses
7 held pursuant to ORS 475C.065 on the last business day of the calendar quarter preceding the
8 date of the transfer for all premises located in each county compared to the total commer-
9 cially available area of all grow canopies associated with marijuana producer licenses held
10 pursuant to ORS 475C.065 on the last business day of that calendar quarter for all premises
11 located in this state; and

12 (b) Fifty percent of the \$25,000,000 must be transferred in shares that reflect the number
13 of licenses held pursuant to ORS 475C.085, 475C.093 and 475C.097 on the last business day of
14 the calendar quarter preceding the date of the transfer for premises located in each county
15 compared to the number of licenses held pursuant to ORS 475C.085, 475C.093 and 475C.097 on
16 the last business day of that calendar quarter for all premises in this state.

17 (3)(a) A city that has an ordinance prohibiting the establishment of a premises for which
18 issuance of a license under ORS 475C.065, 475C.085, 475C.093 or 475C.097 is required is not
19 eligible to receive transfers of moneys under subsection (1) of this section.

20 (b) A county that has an ordinance prohibiting the establishment of a premises for which
21 issuance of a license under ORS 475C.065 is required is not eligible to receive transfers of
22 moneys under subsection (2)(a) of this section.

23 (c) A county that has an ordinance prohibiting the establishment of a premises for which
24 issuance of a license under ORS 475C.085, 475C.093 or 475C.097 is required is not eligible to
25 receive transfers of moneys under subsection (2)(b) of this section.

26 (d)(A) Paragraphs (b) and (c) of this subsection do not apply to a county ordinance
27 adopted on or after January 1, 2018, that prohibits the establishment of a premises for which
28 a license under ORS 475C.065, 475C.085, 475C.093 or 475C.097 is required but allows in the
29 unincorporated area of the county the continued operation of an existing premises for which
30 a license under ORS 475C.065, 475C.085, 475C.093 or 475C.097 is required.

31 (B) A county that adopts an ordinance described in subparagraph (A) of this paragraph
32 shall certify the adoption of the ordinance in the manner provided in ORS 475C.726 (6).

33 SECTION 9. Section 8 of this 2022 Act is repealed on June 30, 2023.

34 SECTION 10. There is appropriated to the Department of Revenue, for the biennium
35 ending June 30, 2023, out of the General Fund, the amount of \$50,000,000 for the purpose of
36 carrying out the provisions of section 8 of this 2022 Act.

37 SECTION 11. This 2022 Act being necessary for the immediate preservation of the public
38 peace, health and safety, an emergency is declared to exist, and this 2022 Act takes effect
39 on its passage.

40