



## **HB 2515 - The Red Tape Reduction Act for Cannabis Companies in Oregon**

*Cannabis will be the next specialty crop, keeping Oregon on the map, if our home-grown businesses can sustain their businesses - and even thrive - while we wait for exports.*

**The cannabis industry in Oregon operates under a tighter and more costly regulatory system than do other businesses.** From constant camera recording with offsite storage, to individual plastic tags on every single plant we grow, the cost and stress of compliance disproportionately affects small businesses across the state as compared to other legally operating companies.

The regulatory structure built in 2015 was a necessity for a handful of years. Since that time, federal signals change, **the state should not be complacent.** No good business owner would go more than five years without examining their business model and it is time we do the same.

When our current laws were contemplated, wholesale prices for cannabis flower were approximately 300% higher than they are today. **The cost of compliance has continued to rise with inflation, the profits with which to pay it have fallen precipitously.** To create some balance, HB 2015 Seeks to work on some technical fixes that will give the OLCC the authority to scale back the cost of compliance in a few key areas.

### **Base Bill Summary:**

- Section 1: adding the bill to the cannabis chapter of law, ORS 475C.
- Section 2: adjustment to the requirement for 24-7-365 ongoing video recording to motion-activated, the cameras never turn off and are never moved; allows for rule making.
- Section 3: allow for Oregonians under the age of 21 on to a license premises **only if** attended to at all times and escorted by an owner, licensee or employee. *Does not include retail premises.*
- Section 4: authorizes the agency to create rules approving certain types of digital identification apps, as used by other public entities, such as the IRS or the states of
- Section 5: allows broad rule-making authority and the ability for the agency to begin putting programming together prior to enactment of the bill.
- Section 6: no emergency clause.



### **-1 Amendment will Add:**

- Authorize the agency to process applications and issue licenses based on a per-capita dynamic, mirroring the approach to siting state liquor stores currently.
  - No license will be revoked in this shift; market pressures will continue to cull the list.
  - Upon the end of the current moratorium, the agency shall only open application periods up again when a determined ratio of licenses :: 21+ year old resident of the state is met.
  - Provides a “safety trigger” to meet demands of any national legalization or export need.
- Refocus statutes and regulations away from daily sales limits of packages to daily possession limits of THC; moving away from “potency shopping” and manufacturing and towards safer consumption for processed goods, such as edibles, tinctures, beverages, etc.
  - For instance, presently consumers may purchase one 1-lb cannabis edible with 100 MG of THC in it (total THC purchased 100mg) or they can buy sixteen one ounce cannabis edibles (1 lb total) with 100 MG in each package (total THC purchased 1600 MG)
- Allow for edible manufacturers to create non-THC goods in the same facility; allows for rule-making on schedules, etc so as to address concerns of cross-contaminations.
- Create a “Greenhouse” designation to the producers license to align with discussions at the federal level; presently Oregon only has “indoor” and “outdoor.”
- Authorize direct donations of product to card-carrying medical patients for all license types.

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*House Business & Labor Committee members asked specific questions.*

#### **Rep. Boshart Davis Asked:**

- Is facial recognition used in any other industries?
  - Many sectors that are now using digital id including fintech, gaming, HR, hospitality, mobility companies (car sharing) and age verification industries. Any industry where there is a high need for verifying personal identity can benefit from this technology. For instance, when you call your financial institution, they may use it to make a positive identification without asking for your personal information on the phone.
  - The State of Colorado has a digital ID program that is available and functions as an ID. Please note that we are not asking for Oregon to adopt its own version of this at the state level although we would not oppose that. Please see additional documentation from Colorado.
  - The IRS uses ID.me for online access to individual’s IRS accounts



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- Would identification be done by the individual on their devices or by the retail worker with the facial recognition technology?
  - It is important to note here is that all imaging and personal information stays on the consumer's device. Verification for the store comes electronically in the form of a validation from an approved third-party platform of the consumer's choice.
  - Opting in to a system like this will provide stores that are seeking a system that is less subjective than the "visual inspection" by an employee and creates an audit trail for the regulators to access if there is a minor-sting operation or a belief of non-compliance by staff.

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- A generic order of operations for digital age verification is below.
  - Consumer downloads state-approved digital ID app and uploads a picture of their government issued ID.
  - The app connects to the government data, also checking security features to detect fraud, then prompts the user to scan their face, like opening your iPhone, for facial recognition.
  - Once matched and verified the consumer may use the app to verify their identify for entry in to a licensed premise, using the same facial scan, match and verify process.
  - The store-side of the technology both prompts the scan and receives the verification that this person is the person that has been verified as to who they are and how old they are.

**Rep. Scharf Asked:**

- How is facial recognition technology aligning with existing OLCC policy, if OLCC does not require liquor stores to use it?
  - The authorization of the use of approved technology on a voluntary basis will be the first step in modernization of a verification program that is lacking today. Neither the alcohol nor the cannabis regulations require - let alone allow - the use of digital verification technology that is stronger and less subjective than a "visual inspection."
  - The agency is grappling a bit on the alcohol side right now with delivery services to this end; providing for or mandating technology means less access by minors, less minor decoy stings and therefore a more harmonious relationship with agency and community.