

# Enrolled House Bill 2931

Sponsored by Representatives MORGAN, MARSH (Pre-session filed.)

CHAPTER .....

AN ACT

Relating to cannabis; creating new provisions; amending ORS 475C.009, 475C.017, 475C.021, 475C.025, 475C.037, 475C.045, 475C.053, 475C.061, 475C.157, 475C.177, 475C.225, 475C.249, 475C.261, 475C.265, 475C.273, 475C.285, 475C.473, 475C.477, 475C.485, 475C.509, 475C.517, 475C.544 and 475C.548; and prescribing an effective date.

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

## CANNABIS REFERENCE LABORATORY

**SECTION 1.** Section 2 of this 2023 Act is added to and made a part of ORS 475C.005 to 475C.525.

**SECTION 2.** (1) The State Department of Agriculture, in consultation with the Oregon Health Authority and the Oregon Liquor and Cannabis Commission, shall establish a cannabis reference laboratory to provide regulatory and technical support in the enforcement of ORS 475C.005 to 475C.525, 475C.540 to 475C.586, 475C.600 to 475C.648, 475C.770 to 475C.919 and 571.260 to 571.348.

(2)(a) The cannabis reference laboratory established under subsection (1) of this section must be able to verify current analytical methods, and develop new analytical methods, for testing marijuana items, industrial hemp and industrial hemp commodities or products as described in ORS 475C.544, 571.281, 571.330 or 571.333 and confirm test results from laboratories licensed under ORS 475C.548 or accredited under ORS 475C.560 at the request of the authority, commission or department.

(b) At the request of the authority, commission or department, the cannabis reference laboratory must be able to provide ongoing laboratory quality control samples to laboratories licensed under ORS 475C.548 or accredited under ORS 475C.560.

(c) The cannabis reference laboratory is not required to be licensed under ORS 475C.548 or accredited under ORS 475C.560.

(3) The authority, commission and department may independently require a marijuana item, industrial hemp or an industrial hemp commodity or product to be tested by the cannabis reference laboratory if the authority, commission or department has reason to believe that the marijuana item, industrial hemp or industrial hemp commodity or product is not in compliance with ORS 475C.544, 571.281, 571.330 or 571.333, regardless of whether the marijuana item, industrial hemp or industrial hemp commodity or product has undergone testing described in ORS 475C.544, 571.281, 571.330 or 571.333 at a laboratory licensed under ORS 475C.548 or accredited under ORS 475C.560.

(4) If a test conducted by the cannabis reference laboratory of a marijuana item, industrial hemp or industrial hemp commodity or product yields results different than the results of a test conducted by a laboratory licensed under ORS 475C.548 on the marijuana item, industrial hemp or industrial hemp commodity or product, the authority, commission or department may invalidate the results of the test conducted at the laboratory licensed under ORS 475C.548.

(5) A law enforcement agency may request that the cannabis reference laboratory conduct testing to assist the law enforcement agency in investigations related to cannabis.

(6) The department may charge a fee to the authority, the commission or a law enforcement agency in an amount reasonable to reimburse the department for the costs incurred in conducting testing at the cannabis reference laboratory at the request of the authority, commission or law enforcement agency.

(7) The authority, the commission and the department, in consultation with one another, may adopt rules to carry out this section.

**SECTION 3.** (1) Section 2 of this 2023 Act becomes operative on January 1, 2024.

(2) The Oregon Health Authority, the Oregon Liquor and Cannabis Commission and the State Department of Agriculture may take any action before the operative date specified in subsection (1) of this section that is necessary to enable the authority, commission and department to exercise, on and after the operative date specified in subsection (1) of this section, all of the duties, functions and powers conferred on the authority, commission and department by section 2 of this 2023 Act.

## LICENSED LABORATORIES

**SECTION 4.** ORS 475C.009 is amended to read:

475C.009. As used in ORS 475C.005 to 475C.525:

(1) "Adult use cannabinoid" includes, but is not limited to, tetrahydrocannabinols, tetrahydrocannabinolic acids that are artificially or naturally derived, delta-8-tetrahydrocannabinol, delta-9-tetrahydrocannabinol, the optical isomers of delta-8-tetrahydrocannabinol or delta-9-tetrahydrocannabinol and any artificially derived cannabinoid that is reasonably determined to have an intoxicating effect.

(2) "Adult use cannabis item" means:

(a) A marijuana item; or

(b) An industrial hemp commodity or product that exceeds:

(A) The concentration of adult use cannabinoids established by the Oregon Liquor and Cannabis Commission, in consultation with the Oregon Health Authority and the State Department of Agriculture, by rule; or

(B) The greater of:

(i) A concentration of more than 0.3 percent total delta-9-tetrahydrocannabinol; or

(ii) The concentration of total delta-9-tetrahydrocannabinol allowed under federal law.

(3)(a) "Artificially derived cannabinoid" means a chemical substance that is created by a chemical reaction that changes the molecular structure of any chemical substance derived from the plant Cannabis family Cannabaceae.

(b) "Artificially derived cannabinoid" does not include:

(A) A naturally occurring chemical substance that is separated from the plant Cannabis family Cannabaceae by a chemical or mechanical extraction process;

(B) Cannabinoids that are produced by decarboxylation from a naturally occurring cannabinoid acid without the use of a chemical catalyst; or

(C) Any other chemical substance identified by the commission, in consultation with the authority and the department, by rule.

(4) "Cannabinoid" means any of the chemical compounds that are the active constituents derived from marijuana.

(5) “Cannabinoid concentrate” means a substance obtained by separating cannabinoids from marijuana by:

(a) A mechanical extraction process;

(b) A chemical extraction process using a nonhydrocarbon-based solvent, such as water, vegetable glycerin, vegetable oils, animal fats, isopropyl alcohol or ethanol;

(c) A chemical extraction process using carbon dioxide, provided that the process does not involve the use of high heat or pressure; or

(d) Any other process identified by the commission, in consultation with the authority, by rule.

(6) “Cannabinoid edible” means food or potable liquid into which a cannabinoid concentrate, cannabinoid extract or dried marijuana leaves or flowers have been incorporated.

(7) “Cannabinoid extract” means a substance obtained by separating cannabinoids from marijuana by:

(a) A chemical extraction process using a hydrocarbon-based solvent, such as butane, hexane or propane;

(b) A chemical extraction process using carbon dioxide, if the process uses high heat or pressure; or

(c) Any other process identified by the commission, in consultation with the authority, by rule.

(8)(a) “Cannabinoid product” means a cannabinoid edible and any other product intended for human consumption or use, including a product intended to be applied to the skin or hair, that contains cannabinoids or dried marijuana leaves or flowers.

(b) “Cannabinoid product” does not include:

(A) Usable marijuana by itself;

(B) A cannabinoid concentrate by itself;

(C) A cannabinoid extract by itself; or

(D) Industrial hemp.

(9) “Consumer” means a person who purchases, acquires, owns, holds or uses marijuana items other than for the purpose of resale.

(10) “Deliver” means the actual, constructive or attempted transfer from one person to another of a marijuana item, whether or not there is an agency relationship.

(11) “Delta-9-tetrahydrocannabinol” or “delta-9-THC” means (6aR,10aR)-6,6,9-trimethyl-3-pentyl-6a,7,8,10a-tetrahydro-6H-benzo[c]chromen-1-ol.

(12) “Delta-9-tetrahydrocannabinolic acid” or “delta-9-THCA” means (6aR,10aR)-1-hydroxy-6,6,9-trimethyl-3-pentyl-6a,7,8,10a-tetrahydro-6H-benzo[c]chromene-2-carboxylic acid.

(13) “Designated primary caregiver” has the meaning given that term in ORS 475C.777.

(14)(a) “Financial consideration” means value that is given or received either directly or indirectly through sales, barter, trade, fees, charges, dues, contributions or donations.

(b) “Financial consideration” does not include marijuana, cannabinoid products or cannabinoid concentrates that are delivered within the scope of and in compliance with ORS 475C.305.

(15) “Homegrown” means grown by a person 21 years of age or older for noncommercial purposes.

(16) “Household” means a housing unit and any place in or around a housing unit at which the occupants of the housing unit are producing, processing, possessing or storing homegrown marijuana, cannabinoid products, cannabinoid concentrates or cannabinoid extracts.

(17) “Housing unit” means a house, an apartment or a mobile home, or a group of rooms or a single room that is occupied as separate living quarters, in which the occupants live and eat separately from any other persons in the building and that has direct access from the outside of the building or through a common hall.

(18) “Immature marijuana plant” means a marijuana plant that is not flowering.

(19) “Industrial hemp” has the meaning given that term in ORS 571.269.

(20) “Licensee” means a person that holds a license issued under ORS 475C.065, 475C.085, 475C.093 [or], 475C.097 or **475C.548**.

(21) "Licensee representative" means an owner, director, officer, manager, employee, agent or other representative of a licensee, to the extent that the person acts in a representative capacity.

(22)(a) "Manufacture" means producing, propagating, preparing, compounding, converting or processing a marijuana item, either directly or indirectly, by extracting from substances of natural origin.

(b) "Manufacture" includes any packaging or repackaging of a marijuana item or the labeling or relabeling of a container containing a marijuana item.

(23)(a) "Marijuana" means the plant Cannabis family Cannabaceae, any part of the plant Cannabis family Cannabaceae and marijuana seeds.

(b) "Marijuana" does not include:

(A) Industrial hemp; or

(B) Prescription drugs, as that term is defined in ORS 689.005, including those containing one or more cannabinoids, that are approved by the United States Food and Drug Administration and dispensed by a pharmacy, as defined in ORS 689.005.

(24) "Marijuana flowers" means the flowers of the plant genus Cannabis within the plant family Cannabaceae.

(25) "Marijuana items" means marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts.

(26) "Marijuana leaves" means the leaves of the plant genus Cannabis within the plant family Cannabaceae.

(27) "Marijuana processor" means:

(a) A person that processes marijuana items in this state; or

(b) A person that holds a license issued under ORS 475C.085 and processes industrial hemp commodities or products pursuant to ORS 571.336.

(28) "Marijuana producer" means a person that produces marijuana in this state.

(29) "Marijuana retailer" means a person that sells marijuana items to a consumer in this state.

(30)(a) "Marijuana seeds" means the seeds of the plant Cannabis family Cannabaceae.

(b) "Marijuana seeds" does not include the seeds of industrial hemp.

(31) "Marijuana wholesaler" means a person that purchases marijuana items in this state for resale to a person other than a consumer.

(32) "Mature marijuana plant" means a marijuana plant that is not an immature marijuana plant.

(33) "Medical grade cannabinoid product, cannabinoid concentrate or cannabinoid extract" means a cannabinoid product, cannabinoid concentrate or cannabinoid extract that has a concentration of adult use cannabinoids that is permitted under ORS 475C.620 in a single serving of the cannabinoid product, cannabinoid concentrate or cannabinoid extract for consumers who hold a valid registry identification card issued under ORS 475C.783.

(34) "Medical purpose" means a purpose related to using usable marijuana, cannabinoid products, cannabinoid concentrates or cannabinoid extracts to mitigate the symptoms or effects of a debilitating medical condition, as defined in ORS 475C.777.

(35) "Noncommercial" means not dependent or conditioned upon the provision or receipt of financial consideration.

(36)(a) "Premises" includes the following areas of a location licensed under ORS 475C.005 to 475C.525 **or 475C.548**:

(A) All public and private enclosed areas at the location that are used in the business operated at the location, including offices, kitchens, rest rooms and storerooms;

(B) All areas outside a building that the commission has specifically licensed for the processing, wholesale sale or retail sale of marijuana items; and

(C) For a location that the commission has specifically licensed for the production of marijuana outside a building, that portion of the location used to produce marijuana.

(b) "Premises" does not include a primary residence.

(37)(a) "Processes" means the processing, compounding or conversion of:

(A) Marijuana into cannabinoid products, cannabinoid concentrates or cannabinoid extracts; or  
(B) Pursuant to ORS 571.336, industrial hemp or industrial hemp commodities or products into industrial hemp commodities or products that contain cannabinoids and are intended for human consumption or use.

(b) "Processes" does not include packaging or labeling.

(38)(a) "Produces" means the manufacture, planting, cultivation, growing or harvesting of marijuana.

(b) "Produces" does not include:

(A) The drying of marijuana by a marijuana processor, if the marijuana processor is not otherwise producing marijuana; or

(B) The cultivation and growing of an immature marijuana plant by a marijuana processor, marijuana wholesaler or marijuana retailer if the marijuana processor, marijuana wholesaler or marijuana retailer purchased or otherwise received the plant from a licensed marijuana producer.

(39) "Propagate" means to grow immature marijuana plants or to breed or produce marijuana seeds.

(40) "Public place" means a place to which the general public has access and includes, but is not limited to, hallways, lobbies and other parts of apartment houses and hotels not constituting rooms or apartments designed for actual residence, and highways, streets, schools, places of amusement, parks, playgrounds and areas used in connection with public passenger transportation.

(41) "Registry identification cardholder" has the meaning given that term in ORS 475C.777.

(42) "Total delta-9-tetrahydrocannabinol" or "total delta-9-THC" means the sum of the concentration or mass of delta-9-THCA multiplied by 0.877 plus the concentration or mass of delta-9-THC.

(43)(a) "Usable marijuana" means the dried leaves and flowers of marijuana.

(b) "Usable marijuana" does not include:

(A) Marijuana seeds;

(B) The stalks and roots of marijuana; or

(C) Waste material that is a by-product of producing or processing marijuana.

**SECTION 5.** ORS 475C.017 is amended to read:

475C.017. (1) The Oregon Liquor and Cannabis Commission has the duties, functions and powers specified in ORS 475C.005 to 475C.525 **and 475C.540 to 475C.586** and the powers necessary or proper to enable the commission to carry out the commission's duties, functions and powers under ORS 475C.005 to 475C.525 **and 475C.540 to 475C.586**. The jurisdiction, supervision, duties, functions and powers of the commission extend to any person that produces, processes, transports, delivers, sells, [or] purchases **or tests** a marijuana item in this state. The commission may sue and be sued.

(2) The duties, functions and powers of the commission specified in ORS 475C.005 to 475C.525 **and 475C.540 to 475C.586** include the following:

(a) To regulate the production, processing, transportation, delivery, sale [and], purchase **and testing** of marijuana items in accordance with the provisions of ORS 475C.005 to 475C.525 **and 475C.540 to 475C.586**.

(b) To issue, renew, suspend, revoke or refuse to issue or renew licenses for the production, processing, [or] sale **or testing** of marijuana items, or other licenses related to the consumption of marijuana items, and to permit, in the commission's discretion, the transfer of a license between persons.

(c) To adopt, amend or repeal rules as necessary to carry out the intent and provisions of ORS 475C.005 to 475C.525 **and 475C.540 to 475C.586**, including rules that the commission considers necessary to protect the public health and safety.

(d) To exercise all powers incidental, convenient or necessary to enable the commission to administer or carry out the provisions of ORS 475C.005 to 475C.525 **and 475C.540 to 475C.586** or any other law of this state that charges the commission with a duty, function or power related to marijuana. Powers described in this paragraph include, but are not limited to:

(A) Issuing subpoenas;

(B) Compelling the attendance of witnesses;

- (C) Administering oaths;
- (D) Certifying official acts;
- (E) Taking depositions as provided by law;
- (F) Compelling the production of books, payrolls, accounts, papers, records, documents and testimony; and

(G) Establishing fees in addition to the application, licensing and renewal fees described in ORS 475C.065, 475C.085, 475C.093 *[and]*, 475C.097 **and 475C.548**, provided that any fee established by the commission is reasonably calculated not to exceed the cost of the activity for which the fee is charged.

(e) To adopt rules regulating and prohibiting advertising marijuana items in a manner:

- (A) That is appealing to minors;
- (B) That promotes excessive use;
- (C) That promotes illegal activity; or
- (D) That otherwise presents a significant risk to public health and safety.

(f) To regulate the use of marijuana items for other purposes as deemed necessary or appropriate by the commission.

(g) To establish pilot programs, of not more than three years in duration, to expand access to marijuana for medical use for registry identification cardholders and designated primary caregivers, as defined in ORS 475C.777.

(h) To regulate the processing, transportation, delivery, sale *[and]*, purchase **and testing** of artificially derived cannabinoids in accordance with the provisions of ORS 475C.005 to 475C.525 **and 475C.540 to 475C.586**.

(i) To regulate the testing and labeling of inhalant delivery systems, as defined in ORS 431A.175, that include industrial hemp-derived vapor items, as defined in ORS 475C.540, that are sold in this state by any person.

(3) Fees collected pursuant to subsection (2)(d)(G) of this section shall be deposited in the Marijuana Control and Regulation Fund established under ORS 475C.297.

**SECTION 6.** ORS 475C.021 is amended to read:

475C.021. Subject to any applicable provision of ORS chapter 183, the Oregon Liquor and Cannabis Commission may purchase, possess, seize, transfer to a licensee or dispose of marijuana items as is necessary for the commission to ensure compliance with and enforce the provisions of ORS 475C.005 to 475C.525 **and 475C.540 to 475C.586** and any rule adopted under ORS 475C.005 to 475C.525 **and 475C.540 to 475C.586**.

**SECTION 7.** ORS 475C.025 is amended to read:

475C.025. The Oregon Liquor and Cannabis Commission may, by rule or order, provide for the manner and conditions under which:

(1) Marijuana items left by a deceased, insolvent or bankrupt person or licensee, or subject to a security interest, may be foreclosed, sold under execution or otherwise disposed.

(2) The business of a deceased, insolvent or bankrupt licensee may be operated for a reasonable period following the death, insolvency or bankruptcy.

(3) A secured party, as defined in ORS 79.0102, may continue to operate at a premises for which a license has been issued under ORS 475C.005 to 475C.525 **or 475C.548** for a reasonable period after default on the indebtedness by the debtor.

**SECTION 8.** ORS 475C.037 is amended to read:

475C.037. (1) The Oregon Liquor and Cannabis Commission may not license an applicant under the provisions of ORS 475C.005 to 475C.525 or 475C.548 if the applicant is under 21 years of age.

(2) The commission may refuse to issue a license or may issue a restricted license to an applicant under the provisions of ORS 475C.005 to 475C.525 **or 475C.548** if the commission makes a finding that the applicant:

(a) Is in the habit of using alcoholic beverages, habit-forming drugs, marijuana or controlled substances to excess.

(b) Has made false statements to the commission.

(c) Is incompetent or physically unable to carry on the management of the establishment proposed to be licensed.

(d) Has been convicted of violating a federal law, state law or local ordinance if the conviction is substantially related to the fitness and ability of the applicant to lawfully carry out activities under the license.

(e) Is not of good repute and moral character.

(f) Does not have a good record of compliance with ORS 475C.005 to 475C.525 **or 475C.540 to 475C.586** or any rule adopted under ORS 475C.005 to 475C.525 **or 475C.540 to 475C.586**.

(g) Is not the legitimate owner of the premises proposed to be licensed, or has not disclosed that other persons have ownership interests in the premises proposed to be licensed.

(h) Has not demonstrated financial responsibility sufficient to adequately meet the requirements of the premises proposed to be licensed.

(i) Is unable to understand the laws of this state relating to marijuana items or the rules adopted under ORS 475C.005 to 475C.525 **and 475C.540 to 475C.586**.

(3) Notwithstanding subsection (2)(d) of this section, in determining whether to issue a license or a restricted license to an applicant, the commission may not consider the prior conviction of the applicant or any owner, director, officer, manager, employee, agent or other representative of the applicant for:

(a) The manufacture of marijuana, if:

(A) The date of the conviction is two or more years before the date of the application; and

(B) The person has not been convicted more than once for the manufacture or delivery of marijuana;

(b) The delivery of marijuana to a person 21 years of age or older, if:

(A) The date of the conviction is two or more years before the date of the application; and

(B) The person has not been convicted more than once for the manufacture or delivery of marijuana; or

(c) The possession of marijuana.

**SECTION 9.** ORS 475C.045 is amended to read:

475C.045. A license issued under ORS 475C.005 to 475C.525 **or 475C.548**:

(1) Is a personal privilege.

(2) Is renewable in the manner provided in ORS 475C.033 **or 475C.548**, except for a cause that would be grounds for refusal to issue the license under ORS 475C.037.

(3) Is revocable or suspendible as provided in ORS 475C.265.

(4) Is transferable from the premises for which the license was originally issued to another premises subject to the provisions of ORS 475C.005 to 475C.525 **or 475C.540 to 475C.586**, applicable rules adopted under ORS 475C.005 to 475C.525 **or 475C.540 to 475C.586** and applicable local ordinances.

(5) If the license was issued to an individual, expires upon the death of the licensee, except as provided in ORS 475C.025.

(6) Does not constitute property.

(7) Is not alienable.

(8) Is not subject to attachment or execution.

(9) Does not descend by the laws of testate or intestate devolution.

**SECTION 10.** ORS 475C.053 is amended to read:

475C.053. (1) Prior to receiving a license under ORS 475C.065, 475C.085, 475C.093 [or], 475C.097 **or 475C.548**, an applicant shall request a land use compatibility statement from the city or county that authorizes the land use. The land use compatibility statement must demonstrate that the requested license is for a land use that is allowable as a permitted or conditional use within the given zoning designation where the land is located. The Oregon Liquor and Cannabis Commission may not issue a license if the land use compatibility statement shows that the proposed land use is prohibited in the applicable zone.

(2) Except as provided in subsection (3) of this section, a city or county that receives a request for a land use compatibility statement under this section must act on that request within 21 days of:

- (a) Receipt of the request, if the land use is allowable as an outright permitted use; or
- (b) Final local permit approval, if the land use is allowable as a conditional use.

(3) A city or county that receives a request for a land use compatibility statement under this section is not required to act on that request during the period that the commission discontinues licensing those premises pursuant to ORS 475C.950 (4)(b).

(4) A city or county action concerning a land use compatibility statement under this section is not a land use decision for purposes of ORS chapter 195, 196, 197, 215 or 227.

**SECTION 11.** ORS 475C.061 is amended to read:

475C.061. (1) A person may hold:

[(1)] (a) Multiple licenses to conduct at different premises the same activity for which a license is required under ORS 475C.005 to 475C.525; and

[(2)] (b) Multiple types of licenses to conduct at the same or different premises different activities for which a license is required under ORS 475C.005 to 475C.525.

**(2) A person that holds a license issued under ORS 475C.548 may not hold a license issued under ORS 475C.005 to 475C.525.**

**SECTION 12.** ORS 475C.157 is amended to read:

475C.157. (1) The Oregon Liquor and Cannabis Commission may, after 72 hours' notice, make an examination of the books of a licensee for the purpose of determining compliance with ORS 475C.005 to 475C.525 **and 475C.540 to 475C.586** and rules adopted under ORS 475C.005 to 475C.525 **and 475C.540 to 475C.586**.

(2) The commission may at any time make an examination of a premises for which a license has been issued under ORS 475C.005 to 475C.525 **or 475C.548** for the purpose of determining compliance with ORS 475C.005 to 475C.525 **and 475C.540 to 475C.586** and rules adopted under ORS 475C.005 to 475C.525 **and 475C.540 to 475C.586**.

(3) The commission may not require the books of a licensee to be maintained on a premises of the licensee.

(4) This section does not authorize the commission to make an examination of a premises of a person registered under ORS 475C.770 to 475C.919.

**SECTION 13.** ORS 475C.177 is amended to read:

475C.177. (1) The Oregon Liquor and Cannabis Commission shall develop and maintain a system for tracking the transfer of marijuana items between premises for which licenses have been issued under ORS 475C.005 to 475C.525 **or 475C.548**.

(2) The purposes of the system developed and maintained under this section include, but are not limited to:

(a) Preventing the diversion of marijuana items to criminal enterprises, gangs, cartels and other states;

(b) Preventing persons from substituting or tampering with marijuana items;

(c) Ensuring an accurate accounting of the production, processing and sale of marijuana items;

(d) Ensuring that laboratory testing results are accurately reported; and

(e) Ensuring compliance with ORS 475C.005 to 475C.525 **and 475C.540 to 475C.586**, rules adopted under ORS 475C.005 to 475C.525 **and 475C.540 to 475C.586** and any other law of this state that charges the commission with a duty, function or power related to marijuana.

(3) The system developed and maintained under this section must be capable of tracking, at a minimum:

(a) The propagation of immature marijuana plants and the production of marijuana by a marijuana producer;

(b) The processing of marijuana by a marijuana processor;

(c) The receiving, storing and delivering of marijuana items by a marijuana wholesaler;

(d) The sale of marijuana items by a marijuana retailer to a consumer;



(e) The sale and purchase of marijuana items between licensees, as permitted by ORS 475C.005 to 475C.525;

(f) The transfer of marijuana items between premises for which licenses have been issued under ORS 475C.005 to 475C.525 **or 475C.548**; and

(g) Any other information that the commission determines is reasonably necessary to accomplish the duties, functions and powers of the commission under ORS 475C.005 to 475C.525 **and 475C.540 to 475C.586**.

**SECTION 14.** ORS 475C.225 is amended to read:

475C.225. (1) A licensee may not employ a person under 21 years of age at a premises for which a license has been issued under ORS 475C.005 to 475C.525 **or 475C.548**.

(2) During an inspection of a premises for which a license has been issued under ORS 475C.005 to 475C.525 **or 475C.548**, the Oregon Liquor and Cannabis Commission may require proof that a person performing work at the premises is 21 years of age or older. If the person does not provide the commission with acceptable proof of age upon request, the commission may require the person to immediately cease any activity and leave the premises until the commission receives acceptable proof of age. This subsection does not apply to a person temporarily at the premises to make a service, maintenance or repair call or for other purposes independent of the premises operations.

(3) If a person performing work has not provided proof of age requested by the commission under subsection (2) of this section, the commission may request that the licensee provide proof that the person is 21 years of age or older. Failure of the licensee to respond to a request made under this subsection by providing acceptable proof of age for a person is prima facie evidence that the licensee has allowed the person to perform work at the premises for which a license has been issued under ORS 475C.005 to 475C.525 **or 475C.548** in violation of the minimum age requirement.

**SECTION 15.** ORS 475C.249 is amended to read:

475C.249. A license issued under ORS 475C.005 to 475C.525 **or 475C.548**:

(1) Is issued for both adult use purposes and medical use purposes; and

(2) Serves the purpose of exempting the person that holds the license from the criminal laws of this state for possession, delivery or manufacture of marijuana items, provided that the person complies with all state laws and rules applicable to licensees.

**SECTION 16.** ORS 475C.261 is amended to read:

475C.261. The Oregon Liquor and Cannabis Commission shall establish by rule a schedule outlining the numbers and types of violations described in ORS 475C.265 that, if committed within a two-year period by an applicant for a license issued under ORS 475C.005 to 475C.525 **or 475C.548** or a licensee indicate a disregard for the law or a failure to control the premises for which a license has been issued under ORS 475C.005 to 475C.525 **or 475C.548**. The schedule adopted under this section must include a definition of the categories of violations, elements of the violations and a method by which to apply any aggravating or mitigating circumstances to the violations.

**SECTION 17.** ORS 475C.265 is amended to read:

475C.265. (1) Subject to subsection (3) of this section, the Oregon Liquor and Cannabis Commission may revoke, suspend or restrict a license issued under ORS 475C.005 to 475C.525 **or 475C.548** or require a licensee or licensee representative to undergo training if the commission finds or has reasonable ground to believe that the licensee or licensee representative:

(a) Has violated a provision of ORS 475C.005 to 475C.525 **or 475C.540 to 475C.586** or a rule adopted under ORS 475C.005 to 475C.525 **or 475C.540 to 475C.586**.

(b) Has diverted marijuana to the interstate market or an illicit market or has diverted resources to a criminal enterprise.

(c) Has introduced into the marijuana industry regulated under ORS 475C.005 to 475C.525 cannabinoids or marijuana not produced or processed by a licensee and not tracked in the system developed and maintained under ORS 475C.177.

(d) Has made any false representation or statement to the commission regarding compliance with a provision of ORS 475C.005 to 475C.525 **or 475C.540 to 475C.586** or a rule adopted under ORS

475C.005 to 475C.525 **or 475C.540 to 475C.586** in order to induce or prevent action by the commission.

(e) Is in the habit of using alcoholic liquor, habit-forming drugs, marijuana or controlled substances to excess.

(f) Has misrepresented to a customer or the public any marijuana items sold by the licensee or licensee representative.

(g) Since the issuance of the license, has been convicted of a felony, of violating any of the marijuana laws of this state, general or local, or of any misdemeanor or violation of any municipal ordinance committed on the premises for which the license has been issued.

(h) Has sold a marijuana item to a person under 21 years of age.

(2) In addition to the grounds listed in subsection (1) of this section, the commission may take an action described in subsection (1) of this section if there is a history of a lack of institutional control involving the premises for which a license has been issued under ORS 475C.005 to 475C.525 **or 475C.548**.

(3)(a) The commission may revoke a license under subsection (1)(a) of this section only when the conduct poses a significant risk to public health or safety.

(b) The commission shall consider as mitigating factors to the conduct described in subsection (1) of this section the following:

(A) Self-reporting by a licensee or applicant;

(B) A demonstration that, to the satisfaction of the commission, the conduct of the licensee or applicant is not persistent or serious; and

(C) A demonstration that, to the satisfaction of the commission, the licensee's willingness and ability to adequately control the premises for which a license has been issued under ORS 475C.005 to 475C.525 **or 475C.548** and any inventory stored at the premises.

(4) The commission may suspend or restrict a license issued under ORS 475C.005 to 475C.525 **or 475C.548** or require a licensee or licensee representative to undergo training if the commission finds or has reasonable grounds to believe that the licensee or licensee representative has violated a provision of ORS 475C.005 to 475C.525 **or 475C.540 to 475C.586** or a rule adopted under ORS 475C.005 to 475C.525 **or 475C.540 to 475C.586**.

(5) The commission may suspend or revoke a permit issued under ORS 475C.273 to an individual rather than suspend or revoke a license issued under ORS 475C.005 to 475C.525 **or 475C.548** if the commission determines that permit suspension or revocation is more appropriate.

(6)(a) The commission may revoke a marijuana retailer license issued under ORS 475C.097 if the licensee fails to:

(A) Pay the tax as required under ORS 475C.682 twice in any four consecutive quarters and the Department of Revenue has issued to the licensee a distraint warrant under ORS 475C.688 for the nonpayment of tax; or

(B) File a return as required under ORS 475C.682 twice in any four consecutive quarters and the department has issued to the licensee a notice of determination and assessment under ORS 475C.688 for failure to file a return.

(b) The department's written notice to the commission that a licensee described under this subsection has failed to pay a tax or file a return twice in any four consecutive quarters, and that the department has issued a distraint warrant or notice of determination and assessment, shall constitute prima facie evidence of the licensee's failure to pay the tax or file a return.

**SECTION 18.** ORS 475C.273 is amended to read:

475C.273. (1) The Oregon Liquor and Cannabis Commission shall issue permits to qualified applicants to perform work described in ORS 475C.269. The commission shall adopt rules establishing:

(a) The qualifications for performing work described in ORS 475C.269;

(b) The term of a permit issued under this section;

(c) Procedures for applying for and renewing a permit issued under this section; and

(d) Reasonable application, issuance and renewal fees for a permit issued under this section.

(2)(a) The commission may require an individual applying for a permit under this section to successfully complete a course, made available by or through the commission, through which the individual receives training on:

- (A) Checking identification;
- (B) Detecting intoxication;
- (C) Handling marijuana items;
- (D) If applicable, producing and propagating marijuana;
- (E) If applicable, processing marijuana;
- (F) The content of ORS 475C.005 to 475C.525 and rules adopted under ORS 475C.005 to 475C.525;

[or]

**(G) If applicable, the content of ORS 475C.540 to 475C.586 and rules adopted under ORS 475C.540 to 475C.586; or**

[(G)] **(H)** Any matter deemed necessary by the commission to protect the public health and safety.

(b) The commission or other provider of a course may charge a reasonable fee for the course.

(c) The commission may not require an individual to successfully complete a course more than once, except that:

(A) As part of a final order suspending a permit issued under this section, the commission may require a permit holder to successfully complete the course as a condition of lifting the suspension; and

(B) As part of a final order revoking a permit issued under this section, the commission shall require an individual to successfully complete the course prior to applying for a new permit.

(3) The commission shall conduct a criminal records check under ORS 181A.195 on an individual applying for a permit under this section.

(4) Subject to the applicable provisions of ORS chapter 183, the commission may suspend, revoke or refuse to issue or renew a permit if the individual who is applying for or who holds the permit:

(a) Is convicted of a felony or is convicted of an offense under ORS 475C.005 to 475C.525, except that the commission may not consider a conviction for an offense under ORS 475C.005 to 475C.525 if the date of the conviction is two or more years before the date of the application or renewal;

(b) Violates any provision of ORS 475C.005 to 475C.525 **or 475C.540 to 475C.586** or any rule adopted under ORS 475C.005 to 475C.525 **or 475C.540 to 475C.586**; or

(c) Makes a false statement to the commission.

(5) A permit issued under this section is a personal privilege and permits work described under ORS 475C.269 only for the individual who holds the permit.

**SECTION 19.** ORS 475C.285 is amended to read:

475C.285. (1) It is an unlawful employment practice for a licensee to discharge, demote, suspend or in any manner discriminate or retaliate against an employee of the licensee with regard to promotion, compensation or other terms, conditions or privileges of employment on the basis that the employee has in good faith reported information to the Oregon Liquor and Cannabis Commission that the employee believes is evidence of a violation of ORS 475C.005 to 475C.525 **or 475C.540 to 475C.586** or a rule adopted under ORS 475C.005 to 475C.525 **or 475C.540 to 475C.586**.

(2) This section is subject to enforcement under ORS chapter 659A.

**SECTION 20.** ORS 475C.473 is amended to read:

475C.473. (1) The Oregon Liquor and Cannabis Commission, the State Department of Agriculture and the Oregon Health Authority may not refuse to perform any duty under ORS 475C.005 to 475C.525 **or 475C.540 to 475C.586** on the basis that manufacturing, distributing, dispensing, possessing or using marijuana is prohibited by federal law.

(2) The commission may not revoke or refuse to issue or renew a license, certificate or permit under ORS 475C.005 to 475C.525 **or 475C.548** on the basis that manufacturing, distributing, dispensing, possessing or using marijuana is prohibited by federal law.

**SECTION 21.** ORS 475C.477 is amended to read:

475C.477. A person may not sue the Oregon Liquor and Cannabis Commission or a member of the commission, the State Department of Agriculture or the Oregon Health Authority, or any employee of the commission, department or authority, for performing or omitting to perform any duty, function or power of the commission, department or authority set forth in ORS 475C.005 to 475C.525 **or 475C.540 to 475C.586** or in any other law of this state requiring the commission, department or authority to perform a duty, function or power related to marijuana items.

**SECTION 22.** ORS 475C.485 is amended to read:

475C.485. In case of invasion, disaster, insurrection or riot, or imminent danger of invasion, disaster, insurrection or riot, the Governor may, for the duration of the invasion, disaster, insurrection or riot, or imminent danger, immediately and without notice suspend, in the area involved, any license, certificate or permit issued under ORS 475C.005 to 475C.525 **or 475C.548**.

**SECTION 23.** ORS 475C.509 is amended to read:

475C.509. The Oregon Liquor and Cannabis Commission shall maintain a telephone hotline for the following persons to inquire if an address is the location of a premises for which a license has been issued under ORS 475C.005 to 475C.525 **or 475C.548** or is the location of a premises for which an application for licensure has been submitted under ORS 475C.033 **or 475C.548**:

- (1) A person designated by a city or a county;
- (2) A person designated by the Water Resources Department; and
- (3) A person designated by the watermaster of any water district.

**SECTION 24.** ORS 475C.517 is amended to read:

475C.517. (1) Subject to subsection (2) of this section, information is exempt from public disclosure under ORS 192.311 to 192.478 if the information is:

(a) The address of a premises for which a license has been issued or for which an applicant has proposed licensure under ORS 475C.065, 475C.085 [or], 475C.093 **or 475C.548**;

(b) Is related to the security plan or the operational plan for a premises for which a license has been issued or for which an applicant has proposed licensure under ORS 475C.005 to 475C.525 **or 475C.548**; or

(c) Is related to any record that the Oregon Liquor and Cannabis Commission determines contains proprietary information of a licensee.

(2) The exemption from public disclosure as provided by this section does not apply to a request for information if the request is made by a law enforcement agency.

**SECTION 25.** ORS 475C.544 is amended to read:

475C.544. (1) As is necessary to protect the public health and safety, and in consultation with the Oregon Liquor and Cannabis Commission and the State Department of Agriculture, the Oregon Health Authority shall adopt rules:

(a) Establishing standards for testing marijuana items and industrial hemp-derived vapor items.

(b) Identifying appropriate tests for marijuana items and industrial hemp-derived vapor items, depending on the type of marijuana item or industrial hemp-derived vapor item and the manner in which the marijuana item or industrial hemp-derived vapor item was produced or processed, that are necessary to protect the public health and safety, including, but not limited to, tests for:

- (A) Microbiological contaminants;
- (B) Pesticides;
- (C) Other contaminants;
- (D) Solvents or residual solvents; and
- (E) Adult use cannabinoid and cannabidiol concentration.

(c) Establishing procedures for determining batch sizes and for sampling usable marijuana, cannabinoid products, cannabinoid concentrates or extracts and industrial hemp-derived vapor items.

(d) Establishing different minimum standards for different varieties of usable marijuana and different types of cannabinoid products and cannabinoid concentrates and extracts and, as appropriate, industrial hemp-derived vapor items.

(2) In addition to the testing requirements established under subsection (1) of this section, the authority or the commission may require cannabinoid edibles to be tested in accordance with any

applicable law of this state, or any applicable rule adopted under a law of this state, related to the production and processing of food products or commodities.

(3) In adopting rules under ORS 475C.770 to 475C.919, the authority may require:

(a) A person responsible for a marijuana grow site under ORS 475C.792 to test usable marijuana before transferring the usable marijuana to a registrant other than an individual who holds a registry identification card under ORS 475C.783; and

(b) A person processing marijuana to test cannabinoid products or cannabinoid concentrates or extracts before transferring the cannabinoid products or cannabinoid concentrates or extracts to a registrant other than an individual who holds a registry identification card under ORS 475C.783.

(4) In adopting rules under ORS 475C.005 to 475C.525, the commission may require:

(a) A marijuana producer that holds a license under ORS 475C.065 or a marijuana wholesaler that holds a license under ORS 475C.093 to test usable marijuana before selling or transferring the usable marijuana; and

(b) A marijuana processor that holds a license under ORS 475C.085 or a marijuana wholesaler that holds a license under ORS 475C.093 to test cannabinoid products or cannabinoid concentrates or extracts before selling or transferring the cannabinoid products or cannabinoid concentrates or extracts.

(5) The authority and the commission may conduct [*random*] testing of marijuana items or industrial hemp-derived vapor items for the purpose of determining whether a person subject to testing under subsection (3) of this section or a licensee subject to testing under subsection (4) of this section is in compliance with this section.

(6) In adopting rules to implement this section, the authority and commission may not require a marijuana item or industrial hemp-derived vapor item to undergo the same test more than once unless:

(a) The marijuana item or industrial hemp-derived vapor item is processed into a different type of marijuana item or industrial hemp-derived vapor item or the condition of the marijuana item or industrial hemp-derived vapor item has fundamentally changed[.];

**(b) The authority or the commission has reason to believe that the marijuana item or industrial hemp-derived vapor item is not in compliance with rules adopted under this section; or**

**(c) The test to which the marijuana item or industrial hemp-derived vapor item is subject more than once is a test described in subsection (5) of this section.**

(7) The testing of marijuana items and industrial hemp-derived vapor items as required by this section must be conducted by a laboratory licensed by the commission under ORS 475C.548 and accredited by the authority under ORS 475C.560.

(8) In adopting rules under subsection (1) of this section, the authority:

(a) Shall consider the cost of a potential testing procedure and how that cost will affect the cost to the ultimate consumer of the marijuana item or industrial hemp-derived vapor item; and

(b) May not adopt rules that are more restrictive than is reasonably necessary to protect the public health and safety.

**SECTION 26.** ORS 475C.548 is amended to read:

475C.548. (1) A laboratory that conducts testing of marijuana items or industrial hemp-derived vapor items as required by ORS 475C.544 must have a license to operate at the premises at which the marijuana items or industrial hemp-derived vapor items are tested.

(2) For purposes of this section, the Oregon Liquor and Cannabis Commission shall adopt rules establishing:

(a) Qualifications to be licensed under this section, including that an applicant for licensure under this section must be accredited by the Oregon Health Authority as described in ORS 475C.560;

(b) Processes for applying for and renewing a license under this section, **which may be the same as the application process established under ORS 475C.033;**

(c) Fees for applying for, receiving and renewing a license under this section; and

(d) Procedures for:

(A) Tracking usable marijuana, cannabinoid products, cannabinoid concentrates or extracts or industrial hemp-derived vapor items to be tested;

(B) Documenting and reporting test results; and

(C) Disposing of samples of usable marijuana, cannabinoid products, cannabinoid concentrates or extracts or industrial hemp-derived vapor items that have been tested.

(3) A license issued under this section:

(a) Must be renewed annually.

**(b) Is subject to the conditions provided in ORS 475C.049 for licenses issued under ORS 475C.005 to 475C.525.**

(4) The commission may inspect premises licensed under this section to ensure compliance with ORS 475C.540 to 475C.586 and rules adopted under ORS 475C.540 to 475C.586.

(5) Subject to the applicable provisions of ORS chapter 183, the commission may refuse to issue or renew, or may suspend or revoke, a license issued under this section for violation of:

(a) A provision of ORS 475C.540 to 475C.586 or a rule adopted under a provision of ORS 475C.540 to 475C.586; or

(b) A provision of ORS 475C.005 to 475C.525 or a rule adopted under a provision of ORS 475C.005 to 475C.525.

(6) Fees adopted under subsection (2)(c) of this section must be reasonably calculated to pay the expenses incurred by the commission under ORS 475C.540 to 475C.586.

(7) Fee moneys collected under this section shall be deposited in the Marijuana Control and Regulation Fund established under ORS 475C.297 and are continuously appropriated to the commission for the purpose of carrying out the duties, functions and powers of the commission under ORS 475C.540 to 475C.586.

**SECTION 27. The amendments to ORS 475C.009, 475C.017, 475C.021, 475C.025, 475C.037, 475C.045, 475C.053, 475C.061, 475C.157, 475C.177, 475C.225, 475C.249, 475C.261, 475C.265, 475C.273, 475C.285, 475C.473, 475C.477, 475C.485, 475C.509, 475C.517, 475C.544 and 475C.548 by sections 4 to 26 of this 2023 Act apply to licenses issued or renewed under ORS 475C.548 on or after January 1, 2024.**

**SECTION 28. (1) The amendments to ORS 475C.009, 475C.017, 475C.021, 475C.025, 475C.037, 475C.045, 475C.053, 475C.061, 475C.157, 475C.177, 475C.225, 475C.249, 475C.261, 475C.265, 475C.273, 475C.285, 475C.473, 475C.477, 475C.485, 475C.509, 475C.517, 475C.544 and 475C.548 by sections 4 to 26 of this 2023 Act become operative on January 1, 2024.**

**(2) The Oregon Liquor and Cannabis Commission may take any action before the operative date specified in subsection (1) of this section that is necessary to enable the commission to exercise, on and after the operative date specified in subsection (1) of this section, all of the duties, functions and powers conferred on the commission by the amendments to ORS 475C.009, 475C.017, 475C.021, 475C.025, 475C.037, 475C.045, 475C.053, 475C.061, 475C.157, 475C.177, 475C.225, 475C.249, 475C.261, 475C.265, 475C.273, 475C.285, 475C.473, 475C.477, 475C.485, 475C.509, 475C.517, 475C.544 and 475C.548 by sections 4 to 26 of this 2023 Act.**

#### CAPTIONS

**SECTION 29. The unit captions used in this 2023 Act are provided only for the convenience of the reader and do not become part of the statutory law of this state or express any legislative intent in the enactment of this 2023 Act.**

#### EFFECTIVE DATE

**SECTION 30. This 2023 Act takes effect on the 91st day after the date on which the 2023 regular session of the Eighty-second Legislative Assembly adjourns sine die.**

**Passed by House May 18, 2023**

.....  
Timothy G. Sekerak, Chief Clerk of House

.....  
Dan Rayfield, Speaker of House

**Passed by Senate June 23, 2023**

.....  
Rob Wagner, President of Senate

**Received by Governor:**

.....M,....., 2023

**Approved:**

.....M,....., 2023

.....  
Tina Kotek, Governor

**Filed in Office of Secretary of State:**

.....M,....., 2023

.....  
Secretary of State