

HB 4121 A STAFF MEASURE SUMMARY**Carrier:** Rep. Kropf**Joint Committee On Ways and Means****Action Date:** 03/04/24**Action:** Do Pass the A-Eng bill.**House Vote****Yeas:** 8 - Evans, Gomberg, Holvey, Lewis, Mannix, McLain, Sanchez, Valderrama**Nays:** 4 - Breese-Iverson, Helfrich, Owens, Smith G**Exc:** 1 - Pham K**Senate Vote****Yeas:** 9 - Anderson, Campos, Dembrow, Frederick, Gelsner Blouin, Hansell, Knopp, Sollman, Steiner**Nays:** 2 - Findley, Girod**Fiscal:** Fiscal impact issued**Revenue:** No revenue impact, statement issued (Indeterminate Impact)**Prepared By:** Michelle Deister, Budget Analyst**Meeting Dates:** 2/29, 3/4**WHAT THE MEASURE DOES:**

The measure reinstates laws directing or allowing inter-agency collaboration for inspections and enforcement of industrial hemp operations. It directs the Oregon Liquor and Cannabis Commission (OLCC) to establish a registration program for industrial hemp products that contain cannabinoids for human or animal consumption and sets minimum labeling requirements and packaging prohibitions. The bill allows temporary permits for cannabis licensee and laboratory workers. It directs the OLCC to establish minimum standards for minor decoy operations for sales of adult use cannabinoid products. The bill also sets per capita limits on marijuana production, retail, processor, and wholesale licenses.

Detailed Summary:**Enforcement**

- Directs the OLCC to create and maintain a map of licensed marijuana and industrial hemp operation sites.
- Directs the OLCC to develop a methodology to distinguish between marijuana and industrial hemp. Allows the Oregon Department of Agriculture (ODA) to order an industrial hemp licensee to destroy plants presumptively considered to be marijuana under the methodology.
- Permits the ODA to enter into interagency agreements for carrying out OLCC inspections of industrial hemp crops.
- Allows law enforcement and other authorized personnel to accompany the ODA on industrial hemp operation inspections.
- Authorizes the Governor to deploy National Guard assistance to support ODA and law enforcement inspections and enforcement of industrial hemp laws.

Industrial Hemp Product Registration

- Directs the OLCC, in consultation with the ODA to establish a registration system for industrial hemp products that contain cannabinoids intended for human or animal consumption. Limits registration fees to the cost of administering and enforcing the measure and designates the Marijuana Control and Regulation Fund as the repository of registration fees.
- Specifies minimum labeling requirements, including manufacturer information, ingredients, service size and potency, applicable health and safety warnings, and age restrictions.
- Prohibits the sale, transfer, or delivery of a product that is unregistered, does not meet labeling requirements, or has packaging that contains untruthful or misleading statements, features that are attractive to minors, or

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which fail to meet other specified safety requirements or minimum standards.

- Allows the OLCC to enforce registration, labeling and packaging requirements by issuing an order, seizing noncompliant products, or imposing a civil penalty not to exceed \$10,000 per violation, for deposit in the General Fund.
- Repeals the requirement that the ODA make rules for tracking and transfer of industrial hemp commodities and products intended for human consumption.
- Exempts products transported through Oregon en route to a final destination outside of the state. Exempts topical products, commercial animal feed, fiber and grain products that do not contain added cannabinoids, and industrial hemp products that do not contain cannabinoids.

Marijuana License Caps and Moratorium

- Establishes marijuana license limits for applications received on or after Jan. 1, 2025, as follows:
 - for production licenses and retail licenses, one active license per 7,500 Oregon residents aged 21 or older.
 - for processor licenses and wholesale licenses, one active license per 12,500 Oregon residents aged 21 or older.
- Exempts applications for renewal, reissuance, or change in size of mature plan canopy. Exempts the sale or purchase of licenses issued before January 1, 2025.
- Extends the sunset for moratoria in counties that declare of a state of emergency related to cannabis, from Mar. 31, 2024, to Dec. 31, 2024.

Minor Decoy Operations

- Directs the OLCC to establish uniform standards for minor decoy operations to investigate sales of adult use cannabis items to persons under age 21.
- Makes the standards applicable to OLCC investigations and directs the OLCC to encourage law enforcement to use the standards.
- Prohibits the OLCC from considering sales from noncompliant minor decoy operations when imposing a penalty. Does not allow noncompliance with standards to be grounds for challenging a complaint, citation, or conviction for violating the prohibition on sales to minors.
- Operative Jan. 1, 2025.

Temporary Permits

- Allows temporary permits for cannabis licensee and laboratory workers.
- Directs the OLCC to adopt rules for the provision of temporary permits upon receipt of an application for a permit.
- Renders temporary permits expired upon permit application approval or denial.
- Operative Jan. 1, 2025.

Other Provisions

- Permits Oregon licensed hemp growers and handlers to transport or receive product meeting applicable limits on tetrahydrocannabinol (THC) concentration without requiring it to have been inspected by the Oregon Department of Agriculture as a crop prior to harvest.
- Provides authority for OLCC to adopt rules for the purpose of implementing its duties under the measure.

Effective Date

Declares emergency, effective on passage.

ISSUES DISCUSSED:

Fiscal impact requires additional expenditure limitation and position authority in the 2025-27 biennium. The program will be supported by fees to registrants.

EFFECT OF AMENDMENT:

No amendment.

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BACKGROUND:

Sections 1, 2, and 4-6 (enforcement) of House Bill 4121 would reenact the provisions of Sections 40, 41a, and 42-44 of [House Bill 3000](#) (2021), that sunset on Jan. 1, 2024. [Senate Bill 326](#) (2023) removed the sunset from Section 41 of HB 3000 (2021), but not the other enforcement provisions.

HB 3000 established a Task Force, later expanded and renamed by [Senate Bill 1564](#) (2022) as the Task Force on Cannabis-Derived Intoxicants and Illegal Cannabis Production. HB 3000 directed the Task Force to consider regulation of intoxicating cannabis-derived products, consolidation of administrative functions, methods to prevent sales to minors, testing and enforcement requirements, changes to state policies and regulations, and input from marijuana and industrial hemp industries.

The Task Force created a Cannabinoid Subcommittee (Subcommittee) to address cannabis testing, tacking requirements, ways to ensure children are not able to purchase intoxicating cannabis products, and current regulations regarding artificially derived cannabinoids. The Subcommittee recommended the creation of a fee-based product registration system administered by the Oregon Liquor and Cannabis Commission (OLCC) for industrial hemp items that contain cannabinoids for human and animal consumption, excluding topical products and grain or fiber hemp products that do not contain added cannabinoids. The full Task Force's recommendations are in the [Task Force Report](#).

The Federal Drug Administration (FDA) does not regulate cannabinoids and has issued a statement that cannabidiol (CBD) cannot be considered a dietary supplement or food additive. Therefore, there are no labeling requirements about ingredients, potency, serving sizes, or information on whether the products are intended for adults only. The Task Force requested [House Bill 3049](#) (2023) (not enacted) to establish a registration system for industrial hemp products that contain cannabinoids and are intended for human or animal consumption. The House Committee on Business and Labor recommended passage of HB 3049 B, but it was not enacted.

The OLCC has adopted uniform standards for [minor decoy operations](#) to monitor alcohol permittee compliance, as set out in Oregon Administrative Rule [845-009-0200](#). The OLCC also allows qualifying alcohol service permit applicants to begin serving alcohol with a temporary permit while the person's five-year permit application is pending. HB 4121 would similarly allow temporary worker permits for marijuana production, retail, processor, and wholesale licensees, and cannabis testing laboratory licensees. The provisions mirror those in Sec. 6-14 in [Senate Bill 353 A](#) (2023) (not enacted). SB 353 A was an omnibus bill that additionally contained basic requirements for an industrial hemp product registration system, which HB 3049 (2023) also included and amended as they now appear in HB 4121.