

SB 556 -3 STAFF MEASURE SUMMARY

Senate Committee On Judiciary

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Meeting Dates: 2/17, 4/7, 4/8

WHAT THE MEASURE DOES:

The measure is a cannabis omnibus that makes several changes to laws regarding marijuana and industrial hemp.

Detailed Summary

- Permits marijuana licensees to use motion detection cameras at the business premises.
- Requires licensees to reconcile inventory at least every seven days.
- Allows licensees to receive industrial hemp endorsement to co-locate production of marijuana and industrial hemp.
- Prohibits the Oregon Liquor and Cannabis Commission (OLCC) from requiring physical tags or identifiers to be attached to plants for tracking purposes.
- Requires that the OLCC's tracking system enable third party platforms to integrate into its system.
- Allows transport manifests to be in digital form, permits editing of the manifest to reflect any changes to the transport, and prohibits the OLCC from specifying transport weight restrictions or how far in advance manifests must be generated for transport.
- Restrains state agencies from disparate treatment of cannabis businesses on the basis of federal law prohibition.
- Provides immunity for state agencies and their employees for performing duties related to licensed or registered cannabis businesses.
- Authorizes the Oregon Department of Agriculture, in conjunction with the OLCC, to define the term "industrial hemp" and removes the statutory definition.
- Creates provisional laws allowing the interstate commerce of industrial hemp and marijuana, that would go into effect if permitted under federal law.
- Makes all substantive provisions operative on January 1, 2026, except for the interstate transport law.
- Takes effect on the 91st day following adjournment sine die.

FISCAL: May have fiscal impact, but no statement yet issued.

REVENUE: May have revenue impact, but no statement yet issued.

ISSUES DISCUSSED:

- Challenges of growers and producers
- Efficiencies and expanded market access
- Potential for state agencies to have conflicting legal requirements
- Federal definition of industrial hemp

EFFECT OF AMENDMENT:

-3 The amendment adds OLCC rulemaking authority for some of the measure's provisions, allows licensees to sell non-intoxicating marijuana substances, permits licensees to transfer seeds and small plants into or out of the state, removes the change to the definition of industrial hemp, and makes additional revisions.

Detailed Summary

- Adds OLCC rulemaking authority for licensee motion detection camera systems
- Sets a minimum amount of time of 2 days for a licensee to reconcile its inventory of marijuana items, when it receives items from another licensee.

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- Permits OLCC to contract with a third party to develop a system to track product transfers among licensees.
- Expands purpose of tracking system to prevent any unlicensed sale of marijuana, not just the currently listed criminal enterprises.
- Requires the OLCC to prioritize minimization of financial cost to licensees, technological flexibility and accessibility, and reduce reliance on plant tags.
- Sets additional requirements for a tracking system that uses plant tags, if no systems that meets the priorities is available at a reasonable cost.
- Establishes laws for non-intoxicating cannabis-derived substances
 - Defines ‘non-intoxicating cannabis-derived substances’ and excludes it from the definition of ‘marijuana items.’
 - Permits the OLCC to establish maximum concentrations, in an amount greater than zero, of intoxicating cannabinoids allowed in non-intoxicating cannabis-derived substances.
 - Requires the OLCC to allow marijuana processors to process non-intoxicating cannabis-derived substances and to transfer them to any person inside or outside of the state
- Requires OLCC to adopt rules establishing an immature cannabis plant transfer endorsement for marijuana producer licensees, and allow transfer cannabis sativa seeds and plants under 24 inches in height out of the state or into the state, without testing or sampling, and to receive up to 25 immature plants per month from any legal source within the state.
- Excludes from the definition of ‘marijuana item’ marijuana seeds and plants under 24 inches in height transferred in compliance with applicable laws
- Permits a digital manifest to be edited for additions to orders received during transit, as well as modifications to the transport route.
- Authorizes but does not require OLCC rulemaking regarding transfer of items between transport vehicles, and provides a non-exclusive list of what the rules may require.
- Adds exceptions to the measure’s prohibition on state agency disparate treatment of licensed or registered marijuana businesses, including that the requested action is prohibited by federal law or would incur disproportionate costs relative to other businesses, and requires the agency to explain such exceptions upon request of the refused business if applicable.
- Adds a federal court decision or other federal action allowing or tolerating interstate commerce of marijuana to the events that would trigger permission for Oregon licensees to engage in interstate commerce of marijuana.
- Removes the provisions from the measure that:
 - Require licensee reconciliation of marijuana items every seven days
 - Direct OLCC to establish an industrial hemp endorsement for marijuana licensees.
 - Prohibit the OLCC from requiring physical plant tags for tracking.
 - Revise the definition of industrial hemp.

BACKGROUND:

Ballot Measure 91 (2014) legalized marijuana production, sale and possession in Oregon, and assigned the Oregon Liquor and Control Commission and the Oregon Department of Agriculture related regulatory powers and duties. Ballot Measure 91 also established a tax on marijuana sales. Sales generated approximately \$114 million in [tax revenue](#) in 2024. As the industry and market mature, various updates to the applicable laws are proposed to further facilitate production, processing, wholesaling, and retailing of cannabis and cannabis-derived products.