

CANNABIS REGULATION

OREGON LIQUOR & CANNABIS COMMISSION



OLCC Overview



Third largest generator of public funds – 2023-25 estimates

\$573.5 million in alcohol revenue distributed to the General Fund, cities, counties, mental health and drug services, and the Oregon Wine Board.

\$292.7 million in recreational marijuana tax revenue distributed to drug treatment and recovery, schools, cities, counties, Oregon State Police, mental health and drug services, and drug abuse prevention/intervention/treatment (OEA 2024 March Forecast).

Core functions

Centrally purchase, warehouse and distribute bottled distilled spirits to OLCC-appointed retail agents

License and regulate alcohol licensees and alcohol server permits

Ensure industry & consumer compliance with bottle bill and approve redemption centers

License and regulate marijuana licensees and marijuana worker permits

Track and inspect OHA medical grow sites that grow for three or more medical cardholders

Track transfer of hemp and hemp products processed and sold by OLCC licensees

Funding

Alcohol Program is funded from distilled spirits markup, license fees and privilege tax; Recreational

Marijuana Program is license fee funded.

HISTORY AND LEGISLATION



Historical Events



| Decimalization | OMMP | Cole Memo | Ballot Measure 91 | Oregon Legislation | Hemp Legalized |
|--|---|---|---|--|---|
| 1973 | 1998 | 2013 | 2014 | 2015 – present | 2018 |
| Oregon becomes the first state to decriminalize small amounts of marijuana | Oregon voters approve the Oregon Medical Marijuana Act. | US Department of Justice issues the “Cole memo”. Jeff Session rescinds in 2018. | Oregon joins Colorado, Washington and Alaska in allowing adult use possession and sales of marijuana. | ORS 475C has been modified in almost every legislative session since 2015. | The 2018 Farm Bill removed hemp from the schedule of controlled substances. |

Highlighted Legislation



2015

HB 3400: Rewrites Ballot Measure 91

SB 460: Allows Early Start

HB 2041: Replaces grower tax with point-of-sale tax (17% state, 3% local)

2018

SB 1544: Establishes Illegal Marijuana Market Enforcement Grant Program

2019

SB 218: 1st Moratorium (producers only)

Highlighted Legislation



2020

Ballot Measure 110 passed in Oregon, changing the tax distribution formula

2021

SB 408: Enforcement reform

HB 3000: Adult Use Cannabinoids, Artificially Derived Cannabinoids & tools for LE

2022

HB 4016: 2nd Moratorium (all licenses)

2023

HB 2931: Establishes a State Reference Lab – adds Labs to definition of licensee

2024 Legislation



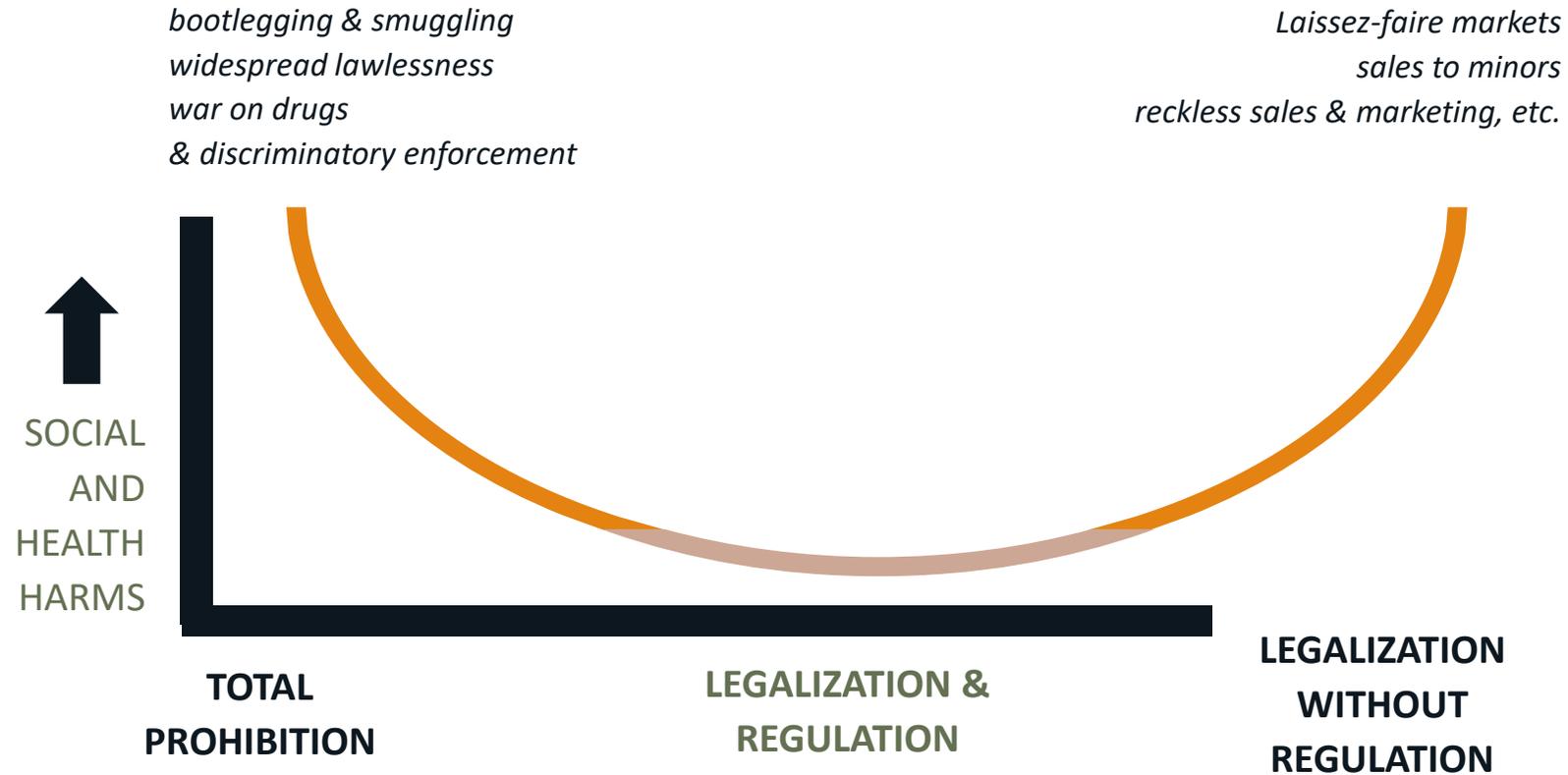
House Bill 4121

- Extended the current moratorium through December 31, 2024. On January 1, 2025 a new system of licensing is enacted based on licenses per capita for adults 21 years of age and older. OLCC is prohibited from accepting new applications for each license type unless the current number of licenses is below the per capita limit.
- Establishes a product registration for hemp items intended for human consumption that contain cannabinoids – also includes packaging and labeling requirements effective 1/2026.

Ballot Measure 119

- Oregon voters passed Ballot Measure 119 requiring OLCC licensed processors, retailers, medical only processors, medical only retailers, research certificates and labs to provide the OLCC with a signed labor peace agreement (LPA) or attestation prior to licensure or renewal.
- The new law went into effect December 5, 2024.

Conceptional Framework



Adapted from Apfel, F. [Cannabis: from prohibition to regulation](#) (2014) & CICMH [guide](#) (2018)

WHO REGULATES WHAT?



Adult Use – Medical - Hemp



Oregon Liquor and Cannabis Commission (OLCC): Adult use marijuana businesses and worker permits. Authority to set THC concentration limits for marijuana and hemp products.

Oregon Health Authority (OHA): medical marijuana activities/businesses, testing standards and requirements

Oregon Department of Agriculture (ODA): commercial kitchens, scale certification, certain food handling activities, pesticides and industrial hemp

Adult Use - OLCC



Statute: ORS Chapter 475C

Administrative Rules: OAR Chapter 845- Division 25 and 26

License Types: Producers (1,381), Processors (310), wholesalers (262), retailers (812), laboratories (15) and Research Certificate (1)

Permit Types: Worker Permits (55,701)

Certificates: Research and hemp (for hemp sold or processed by a licensee)

Oregon Department of Revenue (DOR): tax collection of adult use sales, medical sales are tax exempt

Local jurisdictions: Opt-In/Opt-Out, law enforcement, governing bodies, code enforcement

Medical – OMMP - OHA



Statute: ORS Chapter 475C (Oregon Medical Marijuana Act begins at 475C.770)

Administrative Rules: ORS Chapter 333 – Division 7, 8 and 64

Registration Types: Cardholder (15,091), Caregiver (5,801), Grower (3,897), Processor (0), Dispensary (1)

Testing Rules: OHA is responsible for testing rules that cover medical, adult use and hemp

Grow Site Tracking Requirements: CTS (196), OMMOS (164), Exempt from tracking (3,081)

Hemp - ODA



Federal Statute: The Agriculture Improvement Act of 2018 (2018 Farm Bill, Section 10113)

State Statute: ORS Chapter 571

Administrative Rules: ORS Chapter 603 – Division 48

License Types: Hemp growers (178) and hemp handlers (199)

2022 Changes: HB 3000 (2021) contains the authority necessary to have a state hemp plan approved by USDA under the 2018 Agricultural Improvement Act (the “Farm Bill”).

This includes authority for criminal records checks, and allowing license denials based on an applicant’s criminal record. Allows for ODA to expand the hemp handler definition and allows for tracking of products intended for human consumption.

2024 Changes: HB4121 (2024) Reinstates laws directing or allowing inter-agency collaboration for inspections and enforcement of industrial hemp operations.

OLCC COMPLIANCE



EDUCATION



- Conduct training whenever requested
- Provide education (Verbal Instructions) for lower-level fixable violations
- Verification of Compliance (VOC): Program for a fixable violation to fix within an agreed amount of time without administrative sanction (unless not corrected)
- Call center for guidance

INSPECTIONS



- Regulatory Specialists conduct a premises inspection of all licensees every year of being licensed.
- MJ Licensees receive a pre-license inspection prior to being licensed. Answer any licensee's questions
- Inspections are conducted throughout the year at MJ licensed premises
- CTS Team conducts METRC audits and sends correspondence
- Regulatory Specialists conduct harvest inspections during outdoor harvest
- Regulatory Specialist conduct quarterly audit testing in conjunction with the OLCC lab program.

COMPLAINTS



- Citizen Complaints
- Information forwarded from Law Enforcement
- Discovered by an Inspector
- Licensees/industry members complaining about other licensees
- Analytics & Research audits

Minor Decoy Operations



Cannabis Tracking System (CTS)



CTS is one “leg” of the “three-legged stool” of marijuana compliance (others being camera coverage and sworn inspectors)

Using CTS data, Analytics Division is able to flag broad set of issues and “course correct” licensees, as well as triage higher priority issues for more in-depth review/follow-up up sworn inspection staff

OLCC has 5 CTS Compliance Specialists that conduct CTS audits, run *ad hoc* reports and assist inspectors, and monitor email and phone line to provide assistance to licensees

NATIONAL SPOTLIGHT



Oregon – A National Leader



The Cannabis Regulators Association (CANNRA) –

A national organization of cannabis regulators that provides policy makers and regulatory agencies with the resources to make informed decisions when considering whether and how to legalize and regulate cannabis.

CANNRA was founded by the principal members of nineteen different cannabis regulatory agencies in Colorado, Delaware, Hawaii, Illinois, Iowa, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New York, North Dakota, Oregon, Rhode Island, Utah, and Washington.

CANNRA now includes members and associate members from more than 46 states and jurisdictions, including Guam and the Virgin Islands.



OLCC oversees access to alcohol and cannabis products in Oregon through education, regulation, and distilled spirits distribution.

Our aim is to protect public health and safety while supporting responsible businesses and providing funding for local and state agencies.