

Senate Bill 556

Sponsored by Senator PROZANSKI (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act changes some laws about marijuana and says that ODA can say what hemp means in rules. (Flesch Readability Score: 75.7).

Allows a marijuana producer, marijuana wholesaler, marijuana processor or marijuana retailer to use a motion detection camera system at a licensed premises. Directs the Oregon Liquor and Cannabis Commission to establish by rule an industrial hemp endorsement for marijuana producers. Prohibits the commission from requiring physical tags or other identifiers on certain marijuana plants. Allows a marijuana item transport vehicle to use a digital manifest and edit the manifest during transport. Allows the State Department of Agriculture to define "industrial hemp" by rule.

Becomes operative on January 1, 2026.

Allows a marijuana licensee to engage in the interstate commerce of industrial hemp and marijuana. Becomes operative if federal law or the United States Department of Justice allow or tolerate the interstate commerce of industrial hemp or marijuana.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to cannabis; creating new provisions; amending ORS 475C.065, 475C.177, 475C.209, 475C.473,
3 475C.477 and 571.269; and prescribing an effective date.

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

5 **SECTION 1. Sections 2 to 4 of this 2025 Act are added to and made a part of ORS 475C.005**
6 **to 475C.525.**

7 **SECTION 2. (1) A licensee may use at the premises for which a license is issued under**
8 **ORS 475C.065, 475C.085, 475C.093 or 475C.097 a motion detection camera system that:**

9 (a) **Uses video analytics for monitoring purposes;**

10 (b) **Is capable of storing video recorded, via video analytics, through the system; and**

11 (c) **Allows for searching and auditing of the video required by the Oregon Liquor and**
12 **Cannabis Commission by rule to be stored through the system and searching and auditing**
13 **of the system's log, including for changes to the motion detection sensitivity settings and**
14 **camera activity.**

15 (2) **A licensee may not be required to continuously record video or to store all data re-**
16 **corded through the motion detection camera system described in subsection (1) of this sec-**
17 **tion.**

18 (3) **The commission may adopt rules to carry out this section.**

19 **SECTION 3. A licensee shall reconcile the licensee's inventory of marijuana items once**
20 **every seven days.**

21 **SECTION 4. (1) As used in this section, "endorsee" means the holder of an industrial**
22 **hemp endorsement issued under this section.**

23 (2) **The Oregon Liquor and Cannabis Commission shall, in consultation with the State**
24 **Department of Agriculture, establish by rule an industrial hemp endorsement. An industrial**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 **hemp endorsement:**

2 (a) **May be issued to a marijuana producer that holds a license issued under ORS 475C.065**
 3 **that meets the requirements established by the commission;**

4 (b) **Allows the endorsee to colocate an industrial hemp operation at the premises for**
 5 **which the endorsee’s license is issued under ORS 475C.065; and**

6 (c) **Allows the endorsee to engage in the same practices as a grower licensed under ORS**
 7 **571.281.**

8 (3) **The commission may impose a fee for issuance and renewal of an industrial hemp**
 9 **endorsement under this section. Fees adopted under this section:**

10 (a) **May not exceed, together with other fees collected under ORS 475C.005 to 475C.525,**
 11 **the cost of administering ORS 475C.005 to 475C.525; and**

12 (b) **Shall be deposited in the Marijuana Control and Regulation Fund established under**
 13 **ORS 475C.297.**

14 **SECTION 5.** ORS 475C.065 is amended to read:

15 475C.065. (1) The production of marijuana is subject to regulation by the Oregon Liquor and
 16 Cannabis Commission.

17 (2) A marijuana producer must have a production license issued by the commission for the
 18 premises at which the marijuana is produced. To hold a production license issued under this section,
 19 a marijuana producer:

20 (a) Must apply for a license in the manner described in ORS 475C.033;

21 (b) Must provide proof that the applicant is 21 years of age or older; and

22 (c) Must meet the requirements of any rule adopted by the commission under subsections (3) and
 23 (4) of this section.

24 (3)(a) If the applicant is not the owner of the premises at which the marijuana is to be produced,
 25 the applicant shall submit to the commission signed informed consent from the owner of the prem-
 26 ises to produce marijuana at the premises.

27 (b) The commission may adopt rules regarding the informed consent described in this subsection.

28 (4) The commission shall adopt rules that:

29 (a) Require a marijuana producer to annually renew a license issued under this section;

30 (b) Establish application, licensure and renewal of licensure fees for marijuana producers;

31 (c) Require marijuana produced by marijuana producers to be tested in accordance with ORS
 32 475C.544;

33 (d) Assist the viability of marijuana producers that are independently owned and operated and
 34 that are limited in size and revenue with respect to other marijuana producers, by minimizing bar-
 35 riers to entry into the regulated system and by expanding, to the extent practicable, transportation
 36 options that will support their access to the retail market;

37 (e) Allow a marijuana producer registered under ORS 475C.137 to produce marijuana for medical
 38 purposes in the same manner that rules adopted under ORS 475C.005 to 475C.525 allow a marijuana
 39 producer to produce marijuana for nonmedical purposes, excepting those circumstances where dif-
 40 ferentiating between the production of marijuana for medical purposes and the production of
 41 marijuana for nonmedical purposes is necessary to protect the public health and safety;

42 (f) Require a marijuana [*producers*] **producer** to submit, at the time of applying for or renewing
 43 a license under ORS 475C.033, a report describing the applicant’s or licensee’s electrical or water
 44 usage;

45 (g) Require a marijuana producer to meet any public health and safety standards and industry

1 best practices established by the commission by rule related to the production of marijuana or the
2 propagation of immature marijuana plants and marijuana seeds; *and*

3 (h) Support marijuana plant diversity by allowing a qualified marijuana producer to receive
4 marijuana seeds from any source in this state, but not more than a total of 200 marijuana seeds per
5 month from all sources combined[.]; **and**

6 **(i) Allow a marijuana producer to colocate an industrial hemp operation at the premises**
7 **for which a license is issued under this section if the marijuana producer holds an industrial**
8 **hemp endorsement.**

9 (5) Fees adopted under subsection (4)(b) of this section:

10 (a) May not exceed, together with other fees collected under ORS 475C.005 to 475C.525, the cost
11 of administering ORS 475C.005 to 475C.525;

12 (b) Shall be in the form of a schedule that imposes a greater fee for premises with more square
13 footage or on which more marijuana plants are grown; and

14 (c) Shall be deposited in the Marijuana Control and Regulation Fund established under ORS
15 475C.297.

16 **SECTION 6.** ORS 475C.177 is amended to read:

17 475C.177. (1) The Oregon Liquor and Cannabis Commission shall develop and maintain a system
18 for tracking the transfer of marijuana items between premises for which licenses have been issued
19 under ORS 475C.005 to 475C.525 or 475C.548.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

44 **(4) The commission may not require the use of a physical tag or other identifier to be**
45 **attached to a marijuana plant or marijuana plant batch while the marijuana plant or**

1 **marijuana plant batch is located on a premises for which a license is issued under ORS**
 2 **475C.065 in order to comply with tracking requirements of the system developed and main-**
 3 **tained under this section.**

4 **(5)(a) The system developed and maintained under this section must enable third party**
 5 **platforms contracted by licensees to integrate into the system and perform, on behalf of a**
 6 **licensee, all actions necessary for the licensee to comply with the tracking requirements of**
 7 **the system.**

8 **(b) A third party platform described in this subsection must allow for the creation and**
 9 **editing of a digital tracking manifest and be auditable by the commission.**

10 **(c) The commission may approve third party platforms described in this section for use**
 11 **by licensees.**

12 **SECTION 7.** ORS 475C.209, as amended by section 31, chapter 16, Oregon Laws 2024, is
 13 amended to read:

14 475C.209. (1) In order to transport marijuana items, a licensee must create a manifest that con-
 15 tains the following information:

16 (a) The name of the driver of the transport vehicle;

17 (b) Identifying information for the driver's permit or temporary permit issued under ORS
 18 475C.273;

19 (c) The license plate number, make and model of the transport vehicle;

20 (d) The name of the licensee from which the [*marijuana or*] marijuana items are being trans-
 21 ported;

22 (e) A detailed inventory of the [*marijuana and*] marijuana items being transported;

23 (f) The location of any overnight stop during transportation, and the estimated time of the
 24 overnight stop; and

25 (g) The destination of the [*marijuana and*] marijuana items being transported.

26 **(2) The manifest created under this section may be in digital form. A licensee may con-**
 27 **tract with a third party platform for the creation and maintenance of a manifest that inte-**
 28 **grates with the system developed and maintained under ORS 475C.177.**

29 [(2)] **(3) Except as provided in subsection (1)(f) of this section, a manifest created under this**
 30 **section is not required to include transport route information.**

31 [(3)] **(4) The transport driver shall carry in the transport vehicle a copy of the manifest and be**
 32 **able to produce a copy of the manifest, regardless of whether the manifest is in print or**
 33 **digital form, at any point in time and at any location.**

34 **(5) A licensee, or a transport driver at the direction of the licensee, may edit a manifest**
 35 **created under this section after the transport vehicle leaves the originating premises to re-**
 36 **fect changes to the transport including, but not limited to, adjusted orders and rejections**
 37 **of marijuana items upon delivery to the originally intended recipient.**

38 **(6) A licensee or transport driver may transfer marijuana items from one transport ve-**
 39 **hicle to another transport vehicle if the transfer:**

40 **(a) Occurs at a premises for which a license is issued under ORS 475C.065, 475C.085,**
 41 **475C.093 or 475C.097; and**

42 **(b) Is reflected in the manifest carried in each transport vehicle.**

43 **(7) The transport of marijuana items, and the return of any marijuana items to the**
 44 **originating premises, must occur within seven days of the date on which the original trans-**
 45 **port vehicle departed the originating premises.**

1 **(8) The Oregon Liquor and Cannabis Commission may not:**

2 **(a) Impose a size or weight restriction on the amount of marijuana items that may be**
 3 **transported at one time by a licensee.**

4 **(b) Require that a manifest be created under this section a certain number of hours or**
 5 **minutes in advance of the beginning of transport so long as a manifest is created prior to a**
 6 **transport vehicle departing the originating premises.**

7 **(c) Require that a transfer described in subsection (6) of this section occur inside a**
 8 **building on a premises described in subsection (6) of this section.**

9 **SECTION 8.** ORS 475C.473 is amended to read:

10 475C.473. (1) The Oregon Liquor and Cannabis Commission, the State Department of Agriculture
 11 and the Oregon Health Authority may not refuse to perform any duty under ORS 475C.005 to
 12 475C.525 or 475C.540 to 475C.586 on the basis that manufacturing, distributing, dispensing, possess-
 13 ing or using marijuana is prohibited by federal law.

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

17 **(3) All other agencies of state government, as defined in ORS 174.111, shall provide the**
 18 **same services to businesses licensed or registered under ORS 475C.005 to 475C.525, 475C.548,**
 19 **475C.770 to 475C.919 or 571.260 to 571.348 as to all other businesses and may not refuse to**
 20 **perform any duty assigned to the state agency in relation to businesses licensed or registered**
 21 **under ORS 475C.005 to 475C.525, 475C.548, 475C.770 to 475C.919 or 571.260 to 571.348 on the**
 22 **basis that manufacturing, distributing, dispensing, possessing or using marijuana is prohib-**
 23 **ited by federal law.**

24 **SECTION 9.** ORS 475C.477 is amended to read:

25 475C.477. (1) A person may not sue the Oregon Liquor and Cannabis Commission or a member
 26 of the commission, the State Department of Agriculture or the Oregon Health Authority, or any
 27 employee of the commission, department or authority, for performing or omitting to perform any
 28 duty, function or power of the commission, department or authority set forth in ORS 475C.005 to
 29 475C.525 or 475C.540 to 475C.586 or in any other law of this state requiring the commission, de-
 30 partment or authority to perform a duty, function or power related to marijuana items.

31 **(2) A person may not sue any other agency of state government, as defined in ORS**
 32 **174.111, or an employee of an agency, for performing or omitting to perform any duty, func-**
 33 **tion or power of the agency related to businesses licensed or registered under ORS 475C.005**
 34 **to 475C.525, 475C.548, 475C.770 to 475C.919 or 571.260 to 571.348.**

35 **SECTION 10.** ORS 571.269 is amended to read:

36 571.269. As used in ORS 571.260 to 571.348:

37 (1) “Adult use cannabinoid” has the meaning given that term in ORS 475C.009.

38 (2) “Adult use cannabis item” has the meaning given that term in ORS 475C.009.

39 (3) “Agricultural hemp seed” means Cannabis seed:

40 (a) That is sold to or intended to be sold to licensed growers for planting; or

41 (b) That remains in an unprocessed or partially processed condition that is capable of
 42 germination.

43 (4) “Artificially derived cannabinoid” has the meaning given that term in ORS 475C.009.

44 (5) “Consumption” means ingestion, inhalation or topical application to the skin or hair.

45 (6) “Crop” means industrial hemp grown under a single license.

1 (7) “Grower” means a person, joint venture or cooperative that produces industrial hemp.

2 (8) “Handler” means a person, joint venture or cooperative that receives industrial hemp for
 3 processing into commodities, products or agricultural hemp seed and any other activities identified
 4 by the State Department of Agriculture by rule.

5 (9)(a) “Industrial hemp”[:] **has the meaning as defined by the department, in conjunction**
 6 **with the Oregon Liquor and Cannabis Commission, by rule, whether produced by a grower**
 7 **or a marijuana producer that holds a license issued under ORS 475C.065.**

8 *[(A) Means the plant species Cannabis sativa that has a tetrahydrocannabinol concentration that*
 9 *complies with the concentration specified by the department by rule; and]*

10 *[(B) Has the meaning given that term as it is further defined by the department by rule.]*

11 (b) “Industrial hemp” does not mean industrial hemp commodities or products.

12 (10) “Industrial hemp concentrate” means an industrial hemp product obtained by separating
 13 cannabinoids from industrial hemp by:

14 (a) A mechanical process;

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

17 (c) A chemical extraction process using carbon dioxide, provided that the process does not in-
 18 volve the use of high heat or pressure; or

19 (d) Any other process identified by the department by rule.

20 (11) “Industrial hemp extract” means an industrial hemp product obtained by separating
 21 cannabinoids from industrial hemp by:

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

24 (b) A chemical extraction process using carbon dioxide, if the process uses high heat or pres-
 25 sure; or

26 (c) Any other process identified by the department by rule.

27 (12) “Licensee” means a grower, handler, agricultural hemp seed producer or other person li-
 28 censed under ORS 571.281.

29 **SECTION 11.** (1) Sections 2 to 4 of this 2025 Act and the amendments to ORS 475C.065,
 30 475C.177, 475C.209, 475C.473, 475C.477 and 571.269 by sections 5 to 10 of this 2025 Act become
 31 operative on January 1, 2026.

32 (2) The Oregon Liquor and Cannabis Commission and the State Department of Agricul-
 33 ture may take any action before the operative date specified in subsection (1) of this section
 34 that is necessary to enable the commission and the department to exercise, on and after the
 35 operative date specified in subsection (1) of this section, all of the duties, functions and
 36 powers conferred on the commission and the department by sections 2 to 4 of this 2025 Act
 37 and the amendments to ORS 475C.065, 475C.177, 475C.209, 475C.473, 475C.477 and 571.269 by
 38 sections 5 to 10 of this 2025 Act.

39 **SECTION 12.** Section 13 of this 2025 Act is added to and made a part of ORS 475C.005 to
 40 475C.525.

41 **SECTION 13.** (1) A licensee may engage in the interstate commerce of industrial hemp
 42 and marijuana, including but not limited to, the delivery, transfer, sale and testing of in-
 43 dustrial hemp and marijuana as allowed by ORS 475C.005 to 475C.525, 475C.540 to 475C.586,
 44 475C.600 to 475C.648 and 571.260 to 571.348 and subject to subsection (2) of this section.

45 (2) Any provision of ORS 475C.005 to 475C.525, 475C.540 to 475C.586, 475C.600 to 475C.648

1 and 571.260 to 571.348 that prohibits or otherwise restricts a licensee from engaging in the
2 interstate commerce of industrial hemp and marijuana is invalid. Provisions not held invalid
3 under this subsection shall remain in full force and effect.

4 **SECTION 14.** (1) Section 13 of this 2025 Act becomes operative on the earlier of the date
5 on which:

6 (a) Federal law is amended to allow for the interstate commerce of industrial hemp and
7 marijuana; or

8 (b) The United States Department of Justice issues an opinion or memorandum allowing
9 or tolerating the interstate commerce of industrial hemp and marijuana.

10 (2) The Oregon Liquor and Cannabis Commission shall notify the interim committees of
11 the Legislative Assembly related to the judiciary and the Legislative Counsel upon the oc-
12 currence of an event described in subsection (1) of this section.

13 **SECTION 15.** This 2025 Act takes effect on the 91st day after the date on which the 2025
14 regular session of the Eighty-third Legislative Assembly adjourns sine die.

15