

HB 4139 -3 STAFF MEASURE SUMMARY

House Committee On Economic Development, Small Business, and Trade

Prepared By: Kris Kolta, LPRO Analyst

Sub-Referral To: House Committee On Revenue

Meeting Dates: 2/4, 2/11

WHAT THE MEASURE DOES:

The measure aligns statutory, administrative, tax, and retail treatment of intoxicating hemp with Oregon's cannabis laws and recent changes to federal law. This includes laws, regulations, and procedures governing criminal background checks, proof of land ownership and land use compatibility at a grow site. The measure defines key terms such as "container" and "industrial hemp-derived cannabinoid product." The measure requires the Oregon Liquor and Cannabis Commission (OLCC), upon receiving notice of circumstances creating probable cause of unlawful cultivation or distribution, to conduct an inspection of a licensee's location with law enforcement. The measure requires the OLCC, upon receiving notice of circumstances creating probable cause that a producer (grower) is engaged in illegal activity, to immediately suspend a marijuana producer's license and to revoke of the producer's license if such activity is then established pursuant to an OLCC final determination. The measure grants additional professional discretion to medical providers in prescribing medical marijuana. The measure increases retail-tax funding to the Illegal Marijuana Market Enforcement Grant Program (IMMEGP) from \$6 million to \$24 million per biennium. The measure takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

- History and intent of the IMMEGP
- Interim work group
- Intoxicating hemp
- Medical marijuana

EFFECT OF AMENDMENT:

-3 The amendment significantly curtails the as-introduced measure. The amendment provides additional professional discretion for medical providers in prescribing medical marijuana, conforms associated statutory references by repealing ORS 475C.913, and increases funding for the IMMEGP. All other provisions from the base bill are deleted.

REVENUE: No revenue impact

FISCAL: Fiscal impact issued

BACKGROUND:

Ballot Measure 91 (2014) legalized marijuana production, sale and possession in Oregon. Ballot Measure 91 also established a tax on marijuana sales. Sales generated approximately \$134 million in [tax revenue](#) in 2025.

However, unlawful (unlicensed) marijuana and intoxicating hemp production continues to pose myriad public safety, human rights, water, and environmental issues. Various legislation has targeted these unlawful operations, such as House Bill 3000 (2021), House Bill 4074 (2022), Senate Bill 1564 (2022), Senate Bill 326 (2023) and House Bill 4121 (2024). Unlicensed producers compete with lawful, licensed producers in a market that is oversupplied relative to demand, [per biennial OLCC reports on its website](#).

Additionally, through a provision in the U.S. Agriculture Improvement Act of 2018, intoxicating hemp products have proliferated. In response, the U.S. Congress included a provision in its 2025 appropriations bill that redefined “hemp,” prospectively restricting the commercial production, sale, and distribution of hemp-derived cannabinoid products.

In 2018, the Oregon Legislature created the Illegal Marijuana Market Enforcement Grant Program (IMMEGP) to assist local law enforcement with addressing the illegal marijuana market in Oregon. Since then, the Legislature has expanded the program to fund disruption of illegal cannabis-related labor trafficking and worker abuse along with victim support services. While the IMMEGP receives \$6 million per biennium through retail tax revenues pursuant to ORS 275C.728, this amount has been repeatedly supplemented through appropriations from the General Fund. See Senate Bill 893 (2021), Senate Bill 5561 (2021) (\$20M General Fund supplement), House Bill 4074 (2022) (\$6M General Fund supplement), Senate Bill 5506 (2023) (\$5M General Fund supplement), 2025 House Bill 3069 (updating IMMEGP), and 2025 House Bill 5006 (2025) (\$5M General Fund supplement).

PRELIMINARY