

C-Engrossed
House Bill 2668

Ordered by the House July 2
Including House Amendments dated April 17 and June 23 and July 2

Sponsored by Representative BUCKLEY; Representative LININGER (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.

Changes criteria for acquiring industrial hemp license or agricultural hemp seed production permit.

Specifies that State Department of Agriculture shall rescind industrial hemp licenses if licenses were issued in manner that did not comply with enabling statute. Directs department to issue anew license to any person who previously held license if person meets criteria, as amended by Act, of enabling statute. Directs department to provide just compensation to any person who previously held license and who does not meet criteria, provided that person met criteria as set forth in enabling statute before effective date of Act.

Suspends licensing of new growers of industrial hemp until March 1, 2017.

Provides for research related to industrial hemp.

Directs department to form rules advisory committee to adopt and amend rules related to industrial hemp.

Increases General Fund appropriation made to State Department of Agriculture for purposes of carrying out certain provisions of Act.

Increases General Fund appropriation made to Higher Education Coordinating Commission to be used by Oregon State University College of Agricultural Sciences for purposes of carrying out certain provisions of Act.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to industrial hemp; creating new provisions; amending ORS 571.305; and declaring an
3 emergency.

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

5 **SECTION 1.** ORS 571.305 is amended to read:

6 571.305. (1) Industrial hemp production and possession, and commerce in industrial hemp com-
7 modities and products, are authorized in this state. Industrial hemp is an agricultural product that
8 is subject to regulation by the State Department of Agriculture.

9 (2) All growers and handlers must have an industrial hemp license issued by the department.
10 Growers and handlers engaged in the production of agricultural hemp seed must also have an agri-
11 cultural hemp seed production permit.

12 (3) An application for an industrial hemp license or agricultural hemp seed production permit
13 must include:

14 (a) The name and address of the applicant;

15 (b) The name and address of the industrial hemp operation of the applicant;

16 (c) The global positioning system coordinates and legal description for the property used for the
17 industrial hemp;

18 (d) If the industrial hemp license or agricultural hemp seed production permit application is by
19 a grower, information sufficient to establish that the industrial hemp crop of the applicant will be

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 at least 2.5 acres in size; and

2 (e) Any other information required by the department by rule.

3 **(4) The department may not issue an industrial hemp license or agricultural hemp seed**
4 **production permit under this section to an applicant that has an industrial hemp operation**
5 **of which any part of the premises is located within 1,000 feet of any part of the premises of**
6 **a public elementary or secondary school for which attendance is compulsory under ORS**
7 **339.020 or of a private or parochial elementary or secondary school that teaches children as**
8 **described in ORS 339.030 (1)(a).**

9 [(4)] (5) An industrial hemp license or agricultural hemp seed production permit is valid for a
10 three-year term unless revoked and may be renewed as provided by department rule. An industrial
11 hemp license or agricultural hemp seed production permit is a personal privilege that is
12 nontransferable.

13 [(5)] (6) An agricultural hemp seed production permit authorizes a grower or handler to produce
14 and handle agricultural hemp seed for sale to licensed industrial hemp growers and handlers. A
15 seller of agricultural hemp seed shall ensure that the seed complies with any standards set by the
16 Director of Agriculture under ORS 633.511 to 633.750. The department shall make available to
17 growers information that identifies sellers of agricultural hemp seed.

18 [(6)] (7) Subject to department guidelines, a grower may retain seed from each industrial hemp
19 crop to ensure a sufficient supply of seed for that grower for the following year. A grower does not
20 need an agricultural hemp seed production permit in order to retain seed for future planting. Seed
21 retained by a grower may not be sold or transferred and does not need to meet the department's
22 agricultural hemp seed standards.

23 [(7)] (8) Every grower or handler must keep records as required by department rule. Upon not
24 less than three days' notice, the department may subject the required records to inspection or audit
25 during normal business hours. The department may make an inspection or audit for the purpose of
26 ensuring compliance with:

27 (a) A provision of this section;

28 (b) Department rules;

29 (c) Industrial hemp license or agricultural hemp seed production permit requirements, terms or
30 conditions; or

31 (d) A final department order directed to the grower's or handler's industrial hemp operations
32 or activities.

33 [(8)] (9) In addition to any inspection conducted pursuant to ORS 561.275, the department may
34 inspect any industrial hemp crop during the crop's growth phase and take a representative com-
35 posite sample for field analysis. If a crop contains an average tetrahydrocannabinol concentration
36 exceeding 0.3 percent on a dry weight basis, the department may detain, seize or embargo the crop
37 as provided under ORS 561.605 to 561.620.

38 [(9)] (10) The department may charge growers and handlers reasonable fees as determined by the
39 department. Moneys from fees charged under this subsection shall be deposited to the Department
40 of Agriculture Service Fund and are continuously appropriated to the department for purposes of
41 carrying out the duties of the department under this section and ORS 571.315.

42 **SECTION 2. As used in sections 2 to 6 of this 2015 Act, "crop," "grower" and "industrial**
43 **hemp" have the meanings given those terms in ORS 571.300.**

44 **SECTION 3. (1)(a) Notwithstanding ORS chapter 183, the State Department of Agricul-**
45 **ture shall rescind all licenses issued under ORS 571.305 before the effective date of this 2015**

1 Act that do not comply with the requirements of ORS 571.305 as amended by section 1 of this
2 2015 Act.

3 (b) The department shall rescind licenses as required by this subsection no later than 30
4 days after the effective date of this 2015 Act.

5 (2)(a) The department shall issue anew licenses rescinded under subsection (1) of this
6 section to growers that comply with the requirements of ORS 571.305 as amended by section
7 1 of this 2015 Act.

8 (b) The department shall waive any applicable licensure fees upon issuing anew a license
9 under this subsection.

10 (c) The department shall issue anew a license under this subsection to a grower within
11 15 days of rescinding the license as required by subsection (1) of this section.

12 (3) The department shall provide just compensation to a grower that:

13 (a) Holds an industrial hemp license issued under ORS 571.305;

14 (b) Is unable to comply with the requirements of ORS 571.305 as amended by section 1
15 of this 2015 Act;

16 (c) Was in compliance with the requirements of ORS 571.305 before the effective date of
17 this 2015 Act; and

18 (d) Has planted industrial hemp plants on or before the effective date of this 2015 Act.

19 (4) The department shall determine the amount of just compensation owed to a grower
20 described in subsection (3) of this section.

21 (5) The department shall pay the just compensation as determined under subsection (4)
22 of this section from funds available to the department.

23 **SECTION 4.** (1) A grower of industrial hemp licensed under ORS 571.305 shall permit all
24 the research described in this section to be conducted on the premises of the industrial hemp
25 operation.

26 (2) The State Department of Agriculture shall coordinate with the College of Agricultural
27 Sciences of Oregon State University to use industrial hemp operations of growers licensed
28 under ORS 571.305 to conduct research in the following areas:

29 (a) Through the use of hemp plants, safe growing distances between industrial hemp op-
30 erations and marijuana operations to ensure purity of crops and reduce the risk of cross-
31 pollination;

32 (b) The feasibility of growing industrial hemp for fiber;

33 (c) The feasibility of growing industrial hemp for seed;

34 (d) The feasibility of processing industrial hemp into hemp extracts;

35 (e) The use of water in cultivating industrial hemp; and

36 (f) The tendency of industrial hemp to become feral, including the tendency of industrial
37 hemp to persist in a seed bank after harvest and to migrate from industrial hemp fields.

38 (3) Research conducted under this section must be conducted for a minimum of one in-
39 dustrial hemp growing season.

40 (4) The research shall comply with applicable federal law and regulations.

41 (5) On the basis of the research conducted under this section, the department shall adopt
42 rules as provided in section 5 of this 2015 Act no later than February 1, 2017.

43 **SECTION 5.** (1) For the purpose of adopting or amending rules under ORS 571.300 to
44 571.315, the State Department of Agriculture shall convene a rules advisory committee, as
45 described in ORS 183.333, on or before September 1, 2016.

1 **(2) The rules advisory committee convened pursuant to this section must include the**
2 **following nine members:**

3 **(a) One member who represents a local seed association located in southern Oregon;**

4 **(b) One member who represents a local seed association located in central Oregon;**

5 **(c) One member who represents a local seed association located in the Willamette Valley;**

6 **(d) One member who is a grower licensed under ORS 571.305;**

7 **(e) One member who is responsible for a marijuana grow site registered under ORS**
8 **475.304;**

9 **(f) One member who has been issued a license under section 19, chapter 1, Oregon Laws**
10 **2015;**

11 **(g) One member who is a representative of the College of Agricultural Sciences of Oregon**
12 **State University;**

13 **(h) One member who is a representative of the department; and**

14 **(i) One member who is a representative of the Oregon Liquor Control Commission.**

15 **SECTION 6. Except as provided in section 3 of this 2015 Act, the State Department of**
16 **Agriculture may not issue any licenses under ORS 571.305 to growers of industrial hemp until**
17 **March 1, 2017.**

18 **SECTION 7. In addition to and not in lieu of any other appropriation, there is appropri-**
19 **ated to the State Department of Agriculture, for the biennium beginning July 1, 2015, out**
20 **of the General Fund, the amount of \$100,000, for the purpose of carrying out the provisions**
21 **of sections 3 and 5 of this 2015 Act.**

22 **SECTION 8. In addition to and not in lieu of any other appropriation, there is appropri-**
23 **ated to the Higher Education Coordinating Commission, for the biennium beginning July 1,**
24 **2015, out of the General Fund, the amount of \$290,000, to be used by the Oregon State Uni-**
25 **versity College of Agricultural Sciences, for the purpose of carrying out the provisions of**
26 **section 4 of this 2015 Act.**

27 **SECTION 9. This 2015 Act being necessary for the immediate preservation of the public**
28 **peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect**
29 **on its passage.**

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