

Senate Bill 1511

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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**.

Directs Oregon Liquor Control Commission to register qualified marijuana producers, marijuana processors, marijuana wholesalers and marijuana retailers for purposes of producing, processing and selling marijuana and usable marijuana and medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts.

Specifies that marijuana retailer may not collect tax from consumer of marijuana item if consumer is registry identification cardholder or designated primary caregiver who is purchasing marijuana item for registry identification cardholder.

Authorizes medical marijuana dispensaries to sell certain cannabinoid edibles, topicals and extracts to adults who are not registry identification cardholders or designated primary caregivers until December 31, 2016.

Declares emergency, effective on passage.

A BILL FOR AN ACT

Relating to cannabis; creating new provisions; amending ORS 475B.070, 475B.090, 475B.100, 475B.110, 475B.160, 475B.245, 475B.285 and 475B.375 and section 2, chapter 784, Oregon Laws 2015; repealing ORS 475B.080; and declaring an emergency.

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

REGISTRATION FOR MEDICAL PURPOSES

(Series Placement)

SECTION 1. Sections 2 to 6 of this 2016 Act are added to and made a part of ORS 475B.010 to 475B.395.

(Marijuana Producers)

SECTION 2. (1) As used in this section, "designated primary caregiver," "marijuana processing site," "medical marijuana dispensary" and "registry identification cardholder" have the meanings given those terms in ORS 475B.410.

(2) To produce marijuana for medical purposes, a marijuana producer that holds a license under ORS 475B.070 must register with the Oregon Liquor Control Commission under this section.

(3) The commission shall register a marijuana producer for the purpose of producing marijuana for medical purposes if the marijuana producer:

(a) Holds a license under ORS 475B.070;

(b) Meets any qualifications adopted by the commission by rule;

(c) Applies to the commission in a form and manner prescribed by the commission; and

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 (d) Pays any fee adopted by the commission by rule.

2 (4) Subject to subsections (5) and (6) of this section, a marijuana producer registered
3 under this section may:

4 (a) Produce marijuana for medical purposes;

5 (b) Sell or otherwise transfer marijuana or usable marijuana to a marijuana processing
6 site registered with the Oregon Health Authority under ORS 475B.435;

7 (c) Sell or otherwise transfer the seeds of marijuana, immature marijuana plants or us-
8 able marijuana to a medical marijuana dispensary registered with the authority under ORS
9 475B.450; and

10 (d) Provide marijuana or usable marijuana to a registry identification cardholder or a
11 designated primary caregiver.

12 (5) The commission shall adopt rules prescribing procedures for the sale, transfer or
13 provision of marijuana and usable marijuana under subsection (4) of this section. At a mini-
14 mum, procedures adopted under this subsection:

15 (a) Must require marijuana and usable marijuana produced for the purpose of being sold
16 or otherwise transferred under subsection (4)(b) and (c) of this section to be tracked by the
17 system developed and maintained under ORS 475B.150.

18 (b) Must require a marijuana producer registered under this section to provide the com-
19 mission with information necessary to identify:

20 (A) A marijuana processing site receiving marijuana or usable marijuana from the
21 marijuana producer pursuant to subsection (4)(b) of this section;

22 (B) A medical marijuana dispensary receiving the seeds of marijuana, immature
23 marijuana plants or usable marijuana from the marijuana producer pursuant to subsection
24 (4)(c) of this section; and

25 (C) A registry identification cardholder or designated primary caregiver receiving
26 marijuana or usable marijuana from the marijuana producer pursuant to subsection (4)(d)
27 of this section.

28 (c) Must require the authority to provide to the commission, notwithstanding any laws
29 relating to the confidentiality of information under ORS 475B.460 and 475B.462, with the
30 registration information of:

31 (A) A marijuana processing site receiving marijuana or usable marijuana pursuant to
32 subsection (4)(b) of this section;

33 (B) A medical marijuana dispensary receiving the seeds of marijuana, immature
34 marijuana plants or usable marijuana pursuant to subsection (4)(c) of this section; and

35 (C) A registry identification cardholder or designated primary caregiver receiving
36 marijuana or usable marijuana pursuant to subsection (4)(d) of this section.

37 (6)(a) A marijuana producer registered under this section may provide marijuana and
38 usable marijuana to a registry identification cardholder, or to a designated primary
39 caregiver, pursuant to subsection (4)(d) of this section only if the marijuana producer enters
40 into an agreement with the registry identification cardholder for whom the marijuana pro-
41 ducer is producing the marijuana or usable marijuana. An agreement entered into under this
42 subsection:

43 (A) Except as provided in paragraph (b) of this subsection, may not allow the marijuana
44 producer to be compensated for the marijuana or usable marijuana;

45 (B) May allow the marijuana producer to produce for the registry identification

1 cardholder only the amount of mature marijuana plants that a registry identification
 2 cardholder and a designated primary caregiver may jointly possess under ORS 475B.428 (1);

3 (C) May allow the marijuana producer to produce for the registry identification
 4 cardholder only the amount of usable marijuana that a registry identification cardholder and
 5 a designated primary caregiver may jointly possess under ORS 475B.430;

6 (D) Subject to paragraph (c) of this subsection, may allow the marijuana producer to keep
 7 a portion of the marijuana or usable marijuana produced for the registry identification
 8 cardholder for the purpose of providing marijuana or usable marijuana to additional registry
 9 identification cardholders or the designated primary caregivers of additional registry iden-
 10 tification cardholders; and

11 (E) Must be approved by the commission in a form and manner prescribed by the com-
 12 mission.

13 (b) An agreement entered into under this subsection may require a registry identification
 14 cardholder or a designated primary caregiver to reimburse a marijuana producer for all costs
 15 associated with producing marijuana or usable marijuana for the registry identification
 16 cardholder.

17 (c) An agreement entered into under this subsection shall require registry identification
 18 cardholders, and designated primary caregivers, who receive marijuana or usable marijuana
 19 pursuant to paragraph (a)(D) of this subsection to be subject to subsection (5)(b)(C) and
 20 (c)(C) of this section and paragraph (a)(A) of this subsection.

21 (7) Registration information received by the commission under subsection (5)(c) of this
 22 section that is confidential and not subject to public disclosure under ORS 475B.460 and
 23 475B.462 remains confidential and not subject to public disclosure under ORS 475B.460 and
 24 475B.462 after being provided to the commission.

25 (8) Any marijuana produced pursuant to an agreement entered into under subsection (6)
 26 of this section is not subject to rules restricting the size of mature marijuana plant grow
 27 canopies adopted by the commission under ORS 475B.075.

28 (9) The commission shall adopt rules necessary to implement this section, provided that
 29 any fee adopted by the commission under subsection (3)(d) of this section must be for an
 30 amount that is reasonably calculated to not exceed, together with other fees collected under
 31 ORS 475B.010 to 475B.395, the cost of administering ORS 475B.010 to 475B.395.

32
 33 (Marijuana Processors)

34
 35 **SECTION 3.** (1) As used in this section, “marijuana grow site,” “marijuana processing
 36 site” and “medical marijuana dispensary” have the meanings given those terms in ORS
 37 475B.410.

38 (2) To process marijuana for medical purposes, a marijuana processor that holds a license
 39 under ORS 475B.090 must register with the Oregon Liquor Control Commission under this
 40 section.

41 (3) The commission shall register a marijuana processor for the purpose of processing
 42 marijuana for medical purposes if the marijuana processor:

- 43 (a) Holds a license under ORS 475B.090;
- 44 (b) Meets any qualifications adopted by the commission by rule;
- 45 (c) Applies to the commission in a form and manner prescribed by the commission; and

1 (d) Pays any fee adopted by the commission by rule.

2 (4) Subject to subsection (5) of this section, a marijuana processor registered under this
3 section may:

4 (a) Process marijuana and usable marijuana into medical grade cannabinoid products,
5 cannabinoid concentrates and cannabinoid extracts;

6 (b) Purchase or otherwise receive marijuana or usable marijuana from a marijuana grow
7 site;

8 (c) Purchase or otherwise receive, or sell or otherwise transfer, cannabinoid products,
9 cannabinoid concentrates or cannabinoid extracts from or to a marijuana processing site
10 registered with the Oregon Health Authority under ORS 475B.435; and

11 (d) Sell or otherwise transfer cannabinoid products, cannabinoid concentrates or
12 cannabinoid extracts to a medical marijuana dispensary registered with the authority under
13 ORS 475B.450.

14 (5) The commission shall adopt rules prescribing procedures for the purchase or receipt
15 of marijuana and usable marijuana, and for the purchase, receipt, sale or transfer of
16 cannabinoid products, cannabinoid concentrates and cannabinoid extracts, under subsection
17 (4) of this section. At a minimum, procedures adopted under this subsection:

18 (a) Must require marijuana and usable marijuana produced for the purpose of being
19 purchased, received, sold or transferred under subsection (4) of this section, and cannabinoid
20 products, cannabinoid concentrates and cannabinoid extracts processed for the purpose of
21 being purchased, received, sold or transferred under subsection (4) of this section, to be
22 tracked by the system developed and maintained under ORS 475B.150.

23 (b) Must require a marijuana processor registered under this section to provide the
24 commission with information necessary to identify:

25 (A) A marijuana grow site from whom the marijuana processor is receiving marijuana
26 or usable marijuana pursuant to subsection (4)(b) of this section;

27 (B) A marijuana processing site receiving from the marijuana processor, or from whom
28 the marijuana processor is receiving, cannabinoid products, cannabinoid concentrates or
29 cannabinoid extracts pursuant to subsection (4)(c) of this section; and

30 (C) A medical marijuana dispensary receiving cannabinoid products, cannabinoid concen-
31 trates or cannabinoid extracts from the marijuana processor pursuant to subsection (4)(d)
32 of this section.

33 (c) Must require the authority to provide to the commission, notwithstanding any laws
34 relating to the confidentiality of information under ORS 475B.460 and 475B.462, with the
35 registration information of:

36 (A) A marijuana grow site delivering marijuana or usable marijuana pursuant to sub-
37 section (4)(b) of this section;

38 (B) A marijuana processing site delivering or receiving cannabinoid products, cannabinoid
39 concentrates or cannabinoid extracts pursuant to subsection (4)(c) of this section; and

40 (C) A medical marijuana dispensary receiving cannabinoid products, cannabinoid concen-
41 trates or cannabinoid extracts pursuant to subsection (4)(d) of this section.

42 (6) Registration information received by the commission under subsection (5)(c) of this
43 section that is confidential and not subject to public disclosure under ORS 475B.460 and
44 475B.462 remains confidential and not subject to public disclosure under ORS 475B.460 and
45 475B.462 after being provided to the commission.

1 (7) The commission shall adopt rules necessary to implement this section, provided that
 2 any fee adopted by the commission under subsection (3)(d) of this section must be for an
 3 amount that is reasonably calculated to not exceed, together with other fees collected under
 4 ORS 475B.010 to 475B.395, the cost of administering ORS 475B.010 to 475B.395.

5
 6 (Marijuana Wholesalers)
 7

8 **SECTION 4.** (1) As used in this section, “marijuana grow site,” “marijuana processing
 9 site” and “medical marijuana dispensary” have the meanings given those terms in ORS
 10 475B.410.

11 (2) To sell marijuana at wholesale for medical purposes, a marijuana wholesaler that
 12 holds a license under ORS 475B.100 must register with the Oregon Liquor Control Commis-
 13 sion under this section.

14 (3) The commission shall register a marijuana wholesaler for the purpose of selling
 15 marijuana at wholesale for medical purposes if the marijuana wholesaler:

- 16 (a) Holds a license under ORS 475B.100;
- 17 (b) Meets any qualifications adopted by the commission by rule;
- 18 (c) Applies to the commission in a form and manner prescribed by the commission; and
- 19 (d) Pays any fee adopted by the commission by rule.

20 (4) Subject to subsection (5) of this section, a marijuana wholesaler registered under this
 21 section may:

- 22 (a) Sell medical grade cannabinoid products, cannabinoid concentrates and cannabinoid
 23 extracts at wholesale;
- 24 (b) Purchase or otherwise receive the seeds of marijuana, immature marijuana plants or
 25 usable marijuana from a marijuana grow site;
- 26 (c) Purchase or otherwise receive, or sell or otherwise transfer, the seeds of marijuana,
 27 immature marijuana plants, usable marijuana, cannabinoid products, cannabinoid concen-
 28 trates or cannabinoid extracts from or to a marijuana processing site registered with the
 29 Oregon Health Authority under ORS 475B.435; and
- 30 (d) Sell or otherwise transfer the seeds of marijuana, immature marijuana plants, usable
 31 marijuana, cannabinoid products, cannabinoid concentrates or cannabinoid extracts to a
 32 medical marijuana dispensary registered with the authority under ORS 475B.450.

33 (5) The commission shall adopt rules prescribing procedures for the purchase, receipt,
 34 sale or transfer of the seeds of marijuana, immature marijuana plants, usable marijuana,
 35 cannabinoid products, cannabinoid concentrates and cannabinoid extracts under subsection
 36 (4) of this section. At a minimum, procedures adopted under this subsection:

- 37 (a) Must require the seeds of marijuana, immature marijuana plants and usable
 38 marijuana produced for the purpose of being purchased, received, sold or transferred under
 39 subsection (4) of this section, and cannabinoid products, cannabinoid concentrates and
 40 cannabinoid extracts processed for the purpose of being purchased, received, sold or trans-
 41 ferred under subsection (4) of this section, to be tracked by the system developed and
 42 maintained under ORS 475B.150.

43 (b) Must require a marijuana wholesaler registered under this section to provide the
 44 commission with information necessary to identify:

- 45 (A) A marijuana grow site from whom the marijuana wholesaler is receiving the seeds

1 of marijuana, immature marijuana plants or usable marijuana pursuant to subsection (4)(b)
 2 of this section;

3 (B) A marijuana processing site receiving from the marijuana wholesaler, or from whom
 4 the marijuana wholesaler is receiving, the seeds of marijuana, immature marijuana plants,
 5 usable marijuana, cannabinoid products, cannabinoid concentrates or cannabinoid extracts
 6 pursuant to subsection (4)(c) of this section; and

7 (C) A medical marijuana dispensary receiving the seeds of marijuana, immature
 8 marijuana plants, usable marijuana, cannabinoid products, cannabinoid concentrates or
 9 cannabinoid extracts from the marijuana wholesaler pursuant to subsection (4)(d) of this
 10 section.

11 (c) Must require the authority to provide to the commission, notwithstanding any laws
 12 relating to the confidentiality of information under ORS 475B.460 and 475B.462, with the
 13 registration information of:

14 (A) A marijuana grow site delivering the seeds of marijuana, immature marijuana plants
 15 or usable marijuana pursuant to subsection (4)(b) of this section;

16 (B) A marijuana processing site delivering or receiving the seeds of marijuana, immature
 17 marijuana plants, usable marijuana, cannabinoid products, cannabinoid concentrates or
 18 cannabinoid extracts pursuant to subsection (4)(c) of this section; and

19 (C) A medical marijuana dispensary receiving the seeds of marijuana, immature
 20 marijuana plants, usable marijuana, cannabinoid products, cannabinoid concentrates or
 21 cannabinoid extracts pursuant to subsection (4)(d) of this section.

22 (6) Registration information received by the commission under subsection (5)(c) of this
 23 section that is confidential and not subject to public disclosure under ORS 475B.460 and
 24 475B.462 remains confidential and not subject to public disclosure under ORS 475B.460 and
 25 475B.462 after being provided to the commission.

26 (7) The commission shall adopt rules necessary to implement this section, provided that
 27 any fee adopted by the commission under subsection (3)(d) of this section must be for an
 28 amount that is reasonably calculated to not exceed, together with other fees collected under
 29 ORS 475B.010 to 475B.395, the cost of administering ORS 475B.010 to 475B.395.

30
 31 (Marijuana Retailers)
 32

33 **SECTION 5.** (1) As used in this section, “designated primary caregiver,” “marijuana grow
 34 site,” “marijuana processing site,” “medical marijuana dispensary” and “registry identifica-
 35 tion cardholder” have the meanings given those terms in ORS 475B.410.

36 (2) To sell marijuana at retail for medical purposes, a marijuana retailer that holds a li-
 37 cense under ORS 475B.110 must register with the Oregon Liquor Control Commission under
 38 this section.

39 (3) The commission shall register a marijuana retailer for the purpose of selling
 40 marijuana at retail for medical purposes if the marijuana retailer:

- 41 (a) Holds a license under ORS 475B.110;
 - 42 (b) Meets any qualifications adopted by the commission by rule;
 - 43 (c) Applies to the commission in a form and manner prescribed by the commission; and
 - 44 (d) Pays any fee adopted by the commission by rule.
- 45 (4) Subject to subsection (5) of this section, a marijuana retailer registered under this

1 section may:

2 (a) Sell medical grade cannabinoid products, cannabinoid concentrates and cannabinoid
3 extracts at retail;

4 (b) Sell usable marijuana and medical grade cannabinoid products, cannabinoid concen-
5 trates and cannabinoid extracts to registry identification cardholders and designated primary
6 caregivers at a discounted price;

7 (c) Provide usable marijuana and medical grade cannabinoid products, cannabinoid con-
8 centrates and cannabinoid extracts to registry identification cardholders and designated pri-
9 mary caregivers free of charge;

10 (d) Subject to subsection (6) of this section, sell an amount of usable marijuana,
11 cannabinoid products, cannabinoid concentrates and cannabinoid extracts to registry iden-
12 tification cardholders and designated primary caregivers that is greater than the amount
13 that the marijuana retailer may sell to individuals who are not registry identification
14 cardholders or designated primary caregivers;

15 (e) Purchase or otherwise receive the seeds of marijuana, immature marijuana plants or
16 usable marijuana from a marijuana grow site; and

17 (f) Purchase or otherwise receive cannabinoid products, cannabinoid concentrates or
18 cannabinoid extracts from a marijuana processing site registered with the Oregon Health
19 Authority under ORS 475B.435.

20 (5) The commission shall adopt rules prescribing procedures for the purchase and receipt
21 of the seeds of marijuana, immature marijuana plants, usable marijuana, cannabinoid pro-
22 ducts, cannabinoid concentrates and cannabinoid extracts under subsection (4) of this sec-
23 tion. At a minimum, procedures adopted under this subsection:

24 (a) Must require the seeds of marijuana, immature marijuana plants and usable
25 marijuana produced for the purpose of being purchased or received under subsection (4) of
26 this section, and cannabinoid products, cannabinoid concentrates and cannabinoid extracts
27 processed for the purpose of being purchased or received under subsection (4) of this section,
28 to be tracked by the system developed and maintained under ORS 475B.150.

29 (b) Must require a marijuana retailer registered under this section to provide the com-
30 mission with information necessary to identify:

31 (A) A marijuana grow site from whom the marijuana retailer is receiving the seeds of
32 marijuana, immature marijuana plants or usable marijuana pursuant to subsection (4)(e) of
33 this section; and

34 (B) A marijuana processing site from whom the marijuana retailer is receiving
35 cannabinoid products, cannabinoid concentrates or cannabinoid extracts pursuant to sub-
36 section (4)(f) of this section.

37 (c) Must require the authority to provide to the commission, notwithstanding any laws
38 relating to the confidentiality of information under ORS 475B.460 and 475B.462, with the
39 registration information of:

40 (A) A marijuana grow site delivering the seeds of marijuana, immature marijuana plants
41 or usable marijuana pursuant to subsection (4)(d) of this section; and

42 (B) A marijuana processing site delivering cannabinoid products, cannabinoid concen-
43 trates or cannabinoid extracts pursuant to subsection (4)(f) of this section.

44 (6) The commission shall adopt the amount of usable marijuana, cannabinoid products,
45 cannabinoid concentrates and cannabinoid extracts that a marijuana retailer registered un-

1 der this section may sell to a registry identification cardholder or designated primary
 2 caregiver, provided that the commission does not adopt by rule an amount that exceeds the
 3 amount of usable marijuana that a registry identification cardholder and a designated pri-
 4 mary caregiver may jointly possess under ORS 475B.430.

5 (7) Registration information received by the commission under subsection (5)(c) of this
 6 section that is confidential and not subject to public disclosure under ORS 475B.460 and
 7 475B.462 remains confidential and not subject to public disclosure under ORS 475B.460 and
 8 475B.462 after being provided to the commission.

9 (8) The commission shall adopt rules necessary to implement this section, provided that
 10 any fee adopted by the commission under subsection (3)(d) of this section must be for an
 11 amount that is reasonably calculated to not exceed, together with other fees collected under
 12 ORS 475B.010 to 475B.395, the cost of administering ORS 475B.010 to 475B.395.

13 **SECTION 6.** Notwithstanding the provisions of ORS 475B.400 to 475B.525, rules adopted
 14 by the Oregon Health Authority under ORS 475B.400 to 475B.525 must allow for the purchase,
 15 receipt, sale, transfer and provision of marijuana, usable marijuana, cannabinoid products,
 16 cannabinoid concentrates and cannabinoid extracts as authorized under sections 2 to 5 of
 17 this 2016 Act.

18
 19 **(General Rulemaking Authority)**
 20

21 **SECTION 7.** ORS 475B.070 is amended to read:

22 475B.070. (1) The production of marijuana is subject to regulation by the Oregon Liquor Control
 23 Commission.

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

27 (a) Must apply for a license in the manner described in ORS 475B.040;

28 (b) Must, until January 1, 2020, provide proof that an applicant listed on an application sub-
 29 mitted under ORS 475B.040 has been a resident of this state for two or more years, and must provide
 30 proof that the applicant is 21 years of age or older; and

31 (c) Must meet the requirements of any rule adopted by the commission under subsection (3) of
 32 this section.

33 (3) The commission shall adopt rules that:

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

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

36 (c) Require marijuana produced by marijuana producers to be tested in accordance with ORS
 37 475B.555;

38 (d) **Allow a marijuana producer registered under section 2 of this 2016 Act to produce**
 39 **marijuana for medical purposes in the same manner that rules adopted under ORS 475B.010**
 40 **to 475B.395 allow a marijuana producer to produce marijuana for nonmedical purposes, ex-**
 41 **cepting those circumstances where differentiating between the production of marijuana for**
 42 **medical purposes and the production of marijuana for nonmedical purposes is necessary to**
 43 **protect the public health and safety;**

44 [(d)] (e) Require marijuana producers to submit, at the time of applying for or renewing a license
 45 under ORS 475B.040, a report describing the applicant's or licensee's electrical or water usage; and

1 [(e)(A)] **(f)(A)** Require a marijuana producer to meet any public health and safety standards and
 2 industry best practices established by the commission by rule related to:

3 (i) The production of marijuana; or

4 (ii) The propagation of immature marijuana plants and the seeds of the plant Cannabis family
 5 Cannabaceae.

6 (B) For purposes of establishing rules under subparagraph (A)(ii) of this paragraph, the com-
 7 mission may not limit:

8 (i) The number of immature marijuana plants that may be possessed by a marijuana producer
 9 licensed under this section;

10 (ii) The size of the grow canopy a marijuana producer licensed under this section uses to grow
 11 immature marijuana plants; or

12 (iii) The weight or size of shipments of immature marijuana plants made by a marijuana pro-
 13 ducer licensed under this section.

14 (4) Fees adopted under subsection (3)(b) of this section:

15 (a) May not exceed the cost of administering ORS 475B.010 to 475B.395 with respect to
 16 marijuana producers;

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

19 (c) Shall be deposited in the Marijuana Control and Regulation Fund established under ORS
 20 475B.240.

21 **SECTION 8.** ORS 475B.090 is amended to read:

22 475B.090. (1) The processing of marijuana items is subject to regulation by the Oregon Liquor
 23 Control Commission.

24 (2) A marijuana processor must have a processor license issued by the commission for the
 25 premises at which marijuana items are processed. To hold a processor license under this section, a
 26 marijuana processor:

27 (a) Must apply for a license in the manner described in ORS 475B.040;

28 (b) Must, until January 1, 2020, provide proof that an applicant listed on an application sub-
 29 mitted under ORS 475B.040 has been a resident of this state for two or more years, and must provide
 30 proof that the applicant is 21 years of age or older;

31 (c) If the marijuana processor processes marijuana extracts, may not be located in an area zoned
 32 exclusively for residential use; and

33 (d) Must meet the requirements of any rule adopted by the commission under subsection (3) of
 34 this section.

35 (3) The commission shall adopt rules that:

36 (a) Require a marijuana processor to annually renew a license issued under this section;

37 (b) Establish application, licensure and renewal of licensure fees for marijuana processors;

38 (c) Require marijuana processed by a marijuana processor to be tested in accordance with ORS
 39 475B.555; [and]

40 **(d) Allow a marijuana processor registered under section 3 of this 2016 Act to process**
 41 **marijuana and usable marijuana into medical grade cannabinoid products, cannabinoid con-**
 42 **centrates and cannabinoid extracts in the same manner that rules adopted under ORS**
 43 **475B.010 to 475B.395 allow a marijuana processor to process marijuana and usable marijuana**
 44 **into general use cannabinoid products, cannabinoid concentrates and cannabinoid extracts,**
 45 **excepting those circumstances where differentiating between the processing of medical grade**

1 **cannabinoid products, cannabinoid concentrates and cannabinoid extracts and the processing**
 2 **of general use cannabinoid products, cannabinoid concentrates and cannabinoid extracts is**
 3 **necessary to protect the public health and safety; and**

4 [(d)] (e) Require a marijuana processor to meet any public health and safety standards and in-
 5 dustry best practices established by the commission by rule related to:

6 (A) Cannabinoid edibles;

7 (B) Cannabinoid concentrates;

8 (C) Cannabinoid extracts; and

9 (D) Any other type of cannabinoid product identified by the commission by rule.

10 (4) Fees adopted under subsection (3)(b) of this section:

11 (a) May not exceed the cost of administering ORS 475B.010 to 475B.395 with respect to
 12 marijuana processors; and

13 (b) Shall be deposited in the Marijuana Control and Regulation Fund established under ORS
 14 475B.240.

15 **SECTION 9.** ORS 475B.100 is amended to read:

16 475B.100. (1) The wholesale sale of marijuana items is subject to regulation by the Oregon Li-
 17 quor Control Commission.

18 (2) A marijuana wholesaler must have a wholesale license issued by the commission for the
 19 premises at which marijuana items are received, stored or delivered. To hold a wholesale license
 20 under this section, a marijuana wholesaler:

21 (a) Must apply for a license in the manner described in ORS 475B.040;

22 (b) Must, until January 1, 2020, provide proof that an applicant listed on an application sub-
 23 mitted under ORS 475B.040 has been a resident of this state for two or more years, and must provide
 24 proof that the applicant is 21 years of age or older;

25 (c) May not be located in an area that is zoned exclusively for residential use; and

26 (d) Must meet the requirements of any rule adopted by the commission under subsection (3) of
 27 this section.

28 (3) The commission shall adopt rules that:

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

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

31 (c) Require marijuana items received, stored or delivered by a marijuana wholesaler to be tested
 32 in accordance with ORS 475B.555; [and]

33 **(d) Allow a marijuana wholesaler registered under section 4 of this 2016 Act to sell med-**
 34 **ical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts at**
 35 **wholesale in the same manner that rules adopted under ORS 475B.010 to 475B.395 allow a**
 36 **marijuana wholesaler to sell general use cannabinoid products, cannabinoid concentrates and**
 37 **cannabinoid extracts at wholesale, excepting those circumstances where differentiating be-**
 38 **tween the sale of medical grade cannabinoid products, cannabinoid concentrates and**
 39 **cannabinoid extracts and the sale of general use cannabinoid products, cannabinoid concen-**
 40 **trates and cannabinoid extracts is necessary to protect the public health and safety; and**

41 [(d)] (e) Require a marijuana wholesaler to meet any public health and safety standards and
 42 industry best practices established by the commission by rule.

43 (4) Fees adopted under subsection (3)(b) of this section:

44 (a) May not exceed the cost of administering ORS 475B.010 to 475B.395 with respect to
 45 marijuana wholesalers; and

1 (b) Shall be deposited in the Marijuana Control and Regulation Fund established under ORS
2 475B.240.

3 **SECTION 10.** ORS 475B.110 is amended to read:

4 475B.110. (1) The retail sale of marijuana items is subject to regulation by the Oregon Liquor
5 Control Commission.

6 (2) A marijuana retailer must have a retail license issued by the commission for the premises
7 at which marijuana items are sold. To hold a retail license under this section, a marijuana retailer:

8 (a) Must apply for a license in the manner described in ORS 475B.040;

9 (b) Must, until January 1, 2020, provide proof that an applicant listed on an application sub-
10 mitted under ORS 475B.040 has been a resident of this state for two or more years, and must provide
11 proof that the applicant is 21 years of age or older;

12 (c) May not be located in an area that is zoned exclusively for residential use;

13 (d) May not be located within 1,000 feet of:

14 (A) A public elementary or secondary school for which attendance is compulsory under ORS
15 339.020; or

16 (B) A private or parochial elementary or secondary school, teaching children as described in
17 ORS 339.030 (1)(a); and

18 (e) Must meet the requirements of any rule adopted by the commission under subsection (3) of
19 this section.

20 (3) The commission shall adopt rules that:

21 (a) Require a marijuana retailer to annually renew a license issued under this section;

22 (b) Establish application, licensure and renewal of licensure fees for marijuana retailers;

23 (c) Require marijuana items sold by a marijuana retailer to be tested in accordance with ORS
24 475B.555; *[and]*

25 **(d) Allow a marijuana retailer registered under section 5 of this 2016 Act to sell medical**
26 **grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts at retail in**
27 **the same manner that rules adopted under ORS 475B.010 to 475B.395 allow a marijuana**
28 **retailer to sell general use cannabinoid products, cannabinoid concentrates and cannabinoid**
29 **extracts at retail, excepting those circumstances where differentiating between the sale of**
30 **medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts and**
31 **the sale of general use cannabinoid products, cannabinoid concentrates and cannabinoid ex-**
32 **tracts is necessary to protect the public health and safety; and**

33 *[(d)]* (e) Require a marijuana retailer to meet any public health and safety standards and in-
34 dustry best practices established by the commission by rule.

35 (4) Fees adopted under subsection (3)(b) of this section:

36 (a) May not exceed the cost of administering ORS 475B.010 to 475B.395 with respect to
37 marijuana retailers; and

38 (b) Shall be deposited in the Marijuana Control and Regulation Fund established under ORS
39 475B.240.

40
41 **(Conforming Amendments)**

42
43 **SECTION 11.** ORS 475B.160 is amended to read:

44 475B.160. (1) **Except as provided in sections 2, 3, 4 and 5 of this 2016 Act,** a marijuana pro-
45 ducer, marijuana processor or marijuana wholesaler may deliver marijuana items only to or on a

1 licensed premises.

2 (2) **Except as provided in sections 2, 3, 4 and 5 of this 2016 Act**, a licensed premises may
3 receive marijuana items only from a marijuana producer, marijuana processor or marijuana whole-
4 saler for whom a premises has been licensed by the Oregon Liquor Control Commission.

5 (3) The sale of marijuana items by a marijuana retailer that holds a license issued under ORS
6 475B.110 must be restricted to the premises described in the license, but deliveries may be made by
7 the marijuana retailer to consumers pursuant to a bona fide order received at the licensed premises
8 prior to delivery.

9 **SECTION 12.** ORS 475B.245 is amended to read:

10 475B.245. ORS 475B.025, **475B.030**, 475B.033, 475B.035, 475B.040, 475B.045, **475B.050**, 475B.055,
11 475B.060, **475B.063**, 475B.065, 475B.068, 475B.070, **475B.075**, **475B.080**, 475B.090, 475B.100, 475B.110,
12 **475B.115**, **475B.125**, 475B.130, **475B.135**, **475B.140**, **475B.145**, **475B.150**, 475B.160, 475B.165, 475B.170,
13 **475B.180**, **475B.190**, **475B.195**, **475B.200**, **475B.205**, 475B.210, **475B.215**, **475B.218**, **475B.230**,
14 **475B.233**, **475B.235**, **475B.240**, [475B.265,] 475B.325, 475B.330, 475B.335, **475B.340**, **475B.345**,
15 475B.350, 475B.353, 475B.355, 475B.358, **475B.360**, **475B.365**, **475B.370** and [475B.380] **475B.373 and**
16 **sections 2, 3, 4 and 5 of this 2016 Act** do not apply:

17 (1) To the production, processing or storage of homegrown marijuana at a household by one or
18 more persons 21 years of age and older, if the total amount of homegrown marijuana at the house-
19 hold does not exceed four marijuana plants and eight ounces of usable marijuana at any time.

20 (2) To the making, processing or storage of homemade cannabinoid products at a household by
21 one or more persons 21 years of age and older, if the total amount of homemade cannabinoid pro-
22 ducts at the household does not exceed 16 ounces in solid form at any time.

23 (3) To the making, processing or storage of homemade cannabinoid products at a household by
24 one or more persons 21 years of age and older, if the total amount of homemade cannabinoid pro-
25 ducts at the household does not exceed 72 ounces in liquid form at any time.

26 (4) To the making, processing or storage of homemade cannabinoid concentrates at a household
27 by one or more persons 21 years of age or older, if the total amount of homemade cannabinoid
28 concentrates at the household does not exceed 16 ounces at any time.

29 (5) To the delivery of not more than one ounce of homegrown marijuana at a time by a person
30 21 years of age or older to another person 21 years of age or older for noncommercial purposes.

31 (6) To the delivery of not more than 16 ounces of homemade cannabinoid products in solid form
32 at a time by a person 21 years of age or older to another person 21 years of age or older for non-
33 commercial purposes.

34 (7) To the delivery of not more than 72 ounces of homemade cannabinoid products in liquid form
35 at a time by a person 21 years of age or older to another person 21 years of age or older for non-
36 commercial purposes.

37 (8) To the delivery of not more than 16 ounces of cannabinoid concentrates at a time by a per-
38 son 21 years of age or older to another person 21 years of age or older for noncommercial purposes.

39 **SECTION 13.** ORS 475B.375 is amended to read:

40 475B.375. [ORS 475B.025, 475B.033, 475B.035, 475B.040, 475B.045, 475B.055, 475B.060, 475B.065,
41 475B.068, 475B.070, 475B.090, 475B.100, 475B.110, 475B.130, 475B.160, 475B.165, 475B.170, 475B.180,
42 475B.185, 475B.190, 475B.195, 475B.200, 475B.205, 475B.210, 475B.250, 475B.255, 475B.260, 475B.265,
43 475B.270, 475B.275, 475B.280, 475B.298, 475B.300, 475B.305, 475B.310, 475B.315, 475B.320, 475B.325,
44 475B.330, 475B.335, 475B.340, 475B.350, 475B.353, 475B.355, 475B.358, 475B.365, 475B.378, 475B.380
45 and 475B.395.] **Except for 475B.373 and sections 2, 3, 4 and 5 of this 2016 Act, ORS 475B.010**

1 **to 475B.395:**

2 (1) Do not apply to the extent a person acts within the scope of and in compliance with the
3 Oregon Medical Marijuana Act; and

4 (2) Do not amend or affect duties, functions and powers of the Oregon Health Authority under
5 the Oregon Medical Marijuana Act.

6
7 **TAX RELIEF FOR REGISTRY IDENTIFICATION CARDHOLDERS**

8
9 **SECTION 14.** Section 15 of this 2016 Act is added to and made a part of ORS 475B.700 to
10 **475B.760.**

11 **SECTION 15.** (1) As used in this section, “designated primary caregiver,” “registry iden-
12 tification card” and “registry identification cardholder” have the meanings given those terms
13 in ORS 475B.410.

14 (2) Notwithstanding ORS 475B.705:

15 (a) A tax is not imposed upon the retail sale of marijuana items in this state to a registry
16 identification cardholder or to a designated primary caregiver who is purchasing a marijuana
17 item for a registry identification cardholder; and

18 (b) A marijuana retailer may not collect the tax imposed under ORS 475B.705 from a
19 consumer if, at the time at which the retail sale of the marijuana item occurs, the consumer
20 provides proof to the marijuana retailer that the consumer:

21 (A) Holds a registry identification card; or

22 (B) Holds an identification card issued pursuant to ORS 475B.415 (5)(b) and is purchasing
23 the marijuana item for a registry identification cardholder.

24 (3) The Department of Revenue:

25 (a) Shall adopt rules establishing procedures by which a marijuana retailer shall docu-
26 ment that a consumer holds a registry identification card or an identification card issued
27 pursuant to ORS 475B.415 (5)(b); and

28 (b) May adopt rules establishing procedures by which the department may verify that a
29 marijuana retailer collects the tax imposed under ORS 475B.705 from consumers of
30 marijuana items who are not registry identification cardholders and designated primary
31 caregivers.

32
33 **EARLY START**

34
35 **SECTION 16.** Section 2, chapter 784, Oregon Laws 2015, is amended to read:

36 **Sec. 2.** (1) As used in this section:

37 (a) “Cannabinoid edible” has the meaning given that term in ORS 475B.410.

38 (b) “Cannabinoid extract” has the meaning given that term in ORS 475B.410.

39 (c) “Medical cannabinoid product” has the meaning given that term in ORS 475B.410.

40 [(a)] (d) “Limited marijuana retail product” means:

41 (A) The seeds of marijuana;

42 (B) The dried leaves and flowers of marijuana; [and]

43 (C) A marijuana plant that is not flowering[.];

44 (D) Cannabinoid edibles;

45 (E) Nonpsychoactive medical cannabinoid products intended to be applied to a person’s

1 **skin or hair; and**

2 **(F) Prefilled carbon dioxide vaporizer cartridges containing cannabinoid extracts.**

3 [(b)] (e) “Marijuana” means the plant Cannabis family Cannabaceae, any part of the plant
4 Cannabis family Cannabaceae and the seeds of the plant Cannabis family Cannabaceae.

5 [(c)] (f) “Medical marijuana dispensary” means an entity registered with the Oregon Health
6 Authority under ORS [475.314] **475B.450**.

7 (2) Notwithstanding any other provision of law, on and after October 1, 2015, a medical
8 marijuana dispensary may sell limited marijuana retail product to a person who is 21 years of age
9 or older if:

10 (a) The person presents proof of age to the medical marijuana dispensary before entering into
11 the medical marijuana dispensary;

12 (b) The medical marijuana dispensary verifies that the person is 21 years of age or older at the
13 time of the sale;

14 (c) The medical marijuana dispensary sells no more than one-quarter ounce of limited marijuana
15 retail product to the person per day if the person is purchasing the dried leaves and flowers of
16 marijuana; [and]

17 (d) The medical marijuana dispensary sells no more than four units of limited marijuana retail
18 product to the person if the person is purchasing a marijuana plant that is not flowering[.];

19 **(e) The medical marijuana dispensary sells only one single-serving, low-dose unit of lim-**
20 **ited marijuana retail product to the person per day if the person is purchasing a cannabinoid**
21 **edible; and**

22 **(f) The medical marijuana dispensary sells only one cartridge of limited marijuana retail**
23 **product to the person per day if the person is purchasing a prefilled carbon dioxide vaporizer**
24 **cartridge containing a cannabinoid extract.**

25 (3) A city or county may adopt ordinances prohibiting the sale of limited marijuana retail
26 product as described in this section in the area subject to the jurisdiction of the city or the
27 unincorporated area subject to the jurisdiction of the county.

28 (4) The authority shall adopt rules **or issue orders** to implement this section, including rules
29 **or orders** that:

30 **(a) Ensure that all limited marijuana retail product sold by a medical marijuana**
31 **dispensary under this section is tested as prescribed by the authority;**

32 [(a)] (b) Are necessary to ensure the public health and safety; and

33 [(b)] (c) Ensure that a medical marijuana dispensary complies with this section.

34 (5) The authority may prohibit a medical marijuana dispensary from selling limited marijuana
35 retail product as described in this section if the medical marijuana dispensary violates this section.

36
37 **REPEAL OF AUTHORITY TO ISSUE**

38 **MARIJUANA PRODUCTION LICENSES TO MARIJUANA GROW SITES**

39
40 **SECTION 17. ORS 475B.080 is repealed.**

41 **SECTION 18.** ORS 475B.285 is amended to read:

42 475B.285. (1) An Oregon Liquor Control Commission regulatory specialist has the authority as
43 provided in ORS 133.005 to 133.400, 133.450, 133.525 to 133.703, 133.721 to 133.739, 161.235, 161.245
44 and 475B.010 to 475B.395, ORS chapter 153 and chapter 743, Oregon Laws 1971, to conduct in-
45 spections and investigations, make seizures, aid in prosecutions for offenses, issue citations for vio-

1 lations and otherwise enforce the provisions of ORS 475B.010 to 475B.395, any rule adopted under
2 ORS 475B.010 to 475B.395 and any other law of this state that charges the commission with a duty,
3 function or power related to marijuana, including enforcing any provision of a law or rule related
4 to individuals who use false identification for purposes of purchasing or possessing a marijuana item
5 or who engage in illegal activity on or near a licensed premises.

6 (2) A commission regulatory specialist may not:

7 (a) Be sworn in as a federal law enforcement official and act in that capacity while performing
8 duties under this section.

9 (b) Carry a firearm.

10 (c) Conduct inspections and investigations of a primary residence or for purposes of ensuring
11 compliance with ORS 475B.245 and 475B.375.

12 (d) [*Except as provided in ORS 475B.080,*] Conduct inspections and investigations for purposes
13 of ensuring compliance with ORS 475B.400 to 475B.525.

14
15 **UNIT CAPTIONS**

16
17 **SECTION 19. The unit captions used in this 2016 Act are provided only for the conven-**
18 **ience of the reader and do not become part of the statutory law of this state or express any**
19 **legislative intent in the enactment of this 2016 Act.**

20
21 **EMERGENCY CLAUSE**

22
23 **SECTION 20. This 2016 Act being necessary for the immediate preservation of the public**
24 **peace, health and safety, an emergency is declared to exist, and this 2016 Act takes effect**
25 **on its passage.**

26
