

Enrolled
House Bill 2198

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Joint Interim Committee on Marijuana Legalization)

CHAPTER

AN ACT

Relating to cannabis; creating new provisions; amending ORS 471.775, 475B.045, 475B.110, 475B.210, 475B.428 and 475B.450; repealing ORS 475B.520 and sections 29 and 29b, chapter 83, Oregon Laws 2016, section 36, chapter 183, Oregon Laws 2017 (Enrolled Senate Bill 1057), and sections 11 and 11a, chapter 476, Oregon Laws 2017 (Enrolled Senate Bill 56); and declaring an emergency.

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

OREGON CANNABIS COMMISSION

SECTION 1. (1) **The Oregon Cannabis Commission is established within the Oregon Health Authority. The commission consists of:**

- (a) The Public Health Officer or the Public Health Officer's designee; and**
- (b) Eight members appointed by the Governor as follows:**
 - (A) A registry identification cardholder, as defined in ORS 475B.410;**
 - (B) A person designated to produce marijuana by a registry identification cardholder, as defined in ORS 475B.410;**
 - (C) An attending physician, as defined in ORS 475B.410;**
 - (D) A person representing the Oregon Health Authority;**
 - (E) A person representing the Oregon Liquor Control Commission;**
 - (F) A local health officer, as described in ORS 431.418;**
 - (G) A law enforcement officer; and**
 - (H) A person knowledgeable about research proposal grant protocols.**
- (2) The term of office of each member of the commission is four years, but a member serves at the pleasure of the Governor. Before the expiration of the term of a member, the Governor shall appoint a successor whose term begins on January 1 of the following year. A member is eligible for reappointment. If there is a vacancy for any cause, the Governor shall make an appointment to become immediately effective for the unexpired term.**
- (3) The appointment of each member of the commission is subject to confirmation by the Senate in the manner prescribed in ORS 171.562 and 171.565.**
- (4) Members of the commission are not entitled to compensation, but may be reimbursed for actual and necessary travel and other expenses incurred by them in the performance of their official duties in the manner and amounts provided for in ORS 292.495.**

SECTION 2. (1) The Oregon Cannabis Commission shall select one of its members as chairperson and another as vice chairperson, for terms and with duties and powers necessary for the performance of the functions of the offices as the commission determines.

(2) A majority of the members of the commission constitutes a quorum for the transaction of business.

(3) The commission shall meet at least once every quarter at a time and place determined by the commission. The commission also may meet at other times and places specified by the call of the chairperson or of a majority of the members of the commission.

SECTION 3. The Oregon Health Authority shall provide staff support to the Oregon Cannabis Commission and shall perform other services as necessary for the effective operation of the commission.

SECTION 4. (1) As soon as practicable after the effective date of this 2017 Act, the Oregon Cannabis Commission shall determine:

(a) A possible framework for the future governance of the Oregon Medical Marijuana Program, including:

(A) Proper oversight and regulation of each of the following:

(i) Registry identification cardholders and designated primary caregivers, as those terms are defined in ORS 475B.410;

(ii) Attending physicians, as defined in ORS 475B.410;

(iii) Marijuana grow sites, as defined in ORS 475B.410;

(iv) Marijuana processing sites, as defined in ORS 475B.410; and

(v) Medical marijuana dispensaries, as defined in ORS 475B.410;

(B) Necessary amendments to the laws of the state pertaining to cannabis, including any necessary amendments to ORS 475B.010 to 475B.395 and 475B.400 to 475B.525; and

(C) The future role of the commission with respect to the possible framework.

(b) Steps that the state must take, whether administrative or legislative in nature, to ensure that research on cannabis and cannabis-derived products is being conducted for public purposes, including the advancement of:

(A) Public health policy and public safety policy;

(B) Agronomic and horticultural best practices; and

(C) Medical and pharmacopoeia best practices.

(2) In determining the possible framework for the future governance of the Oregon Medical Marijuana Program under subsection (1)(a) of this section, the commission shall consider:

(a) Potential factors that could prevent access to cannabis for medical use;

(b) Potential laws and rules that will facilitate access to cannabis for medical use; and

(c) The impact of federal laws, regulations and policies on the possible framework.

(3) On or before December 15, 2017, the commission shall submit a report in the manner prescribed by ORS 192.245 to the interim committees of the Legislative Assembly related to health and judiciary on the findings and determinations made by the commission under subsection (1) of this section. As part of the report, the commission may make recommendations for legislation.

(4) For purposes of making recommendations for legislation under subsection (3) of this section, after the effective date of this 2017 Act and on or before December 15, 2017, the commission may request an interim committee of the Legislative Assembly related to health or judiciary to direct the Legislative Counsel to prepare legislative concepts for the commission's consideration.

SECTION 5. Section 4 of this 2017 Act is repealed on July 1, 2018.

SECTION 6. In addition to any other duty prescribed by law, the Oregon Cannabis Commission shall:

(1) Provide advice to the Oregon Health Authority with respect to the administration of ORS 475B.400 to 475B.525;

(2) Provide advice to the Oregon Liquor Control Commission with respect to the administration of ORS 475B.010 to 475B.395, insofar as those statutes pertain to registry identification cardholders and designated primary caregivers, as those terms are defined in ORS 475B.410;

(3) Develop a long-term strategic plan for ensuring that cannabis will remain a therapeutic option for persons with debilitating medical conditions as defined in ORS 475B.410;

(4) Develop a long-term strategic plan for ensuring that cannabis will remain affordable for persons with debilitating medical conditions as defined in ORS 475B.410; and

(5) Monitor and study federal laws, regulations and policies regarding marijuana.

MARIJUANA GROW SITE TRANSFERS TO OREGON LIQUOR CONTROL COMMISSION LICENSEES

SECTION 7. Section 8 of this 2017 Act is added to and made a part of ORS 475B.400 to 475B.525.

SECTION 8. (1) Subject to subsection (2) of this section, a marijuana grow site may transfer up to 20 pounds of usable marijuana per year to a person that holds a license issued under ORS 475B.090 or 475B.100, provided that:

(a) The transfer is tracked using the system developed and maintained under ORS 475B.150;

(b) More than 12 mature marijuana plants are produced at the marijuana grow site;

(c) The usable marijuana has been assigned to the person responsible for the marijuana grow site pursuant to ORS 475B.425;

(d) The usable marijuana has been tested in accordance with the provisions of ORS 475B.550 to 475B.590; and

(e) The marijuana grow site first registered with the Oregon Health Authority under ORS 475B.420 on or before the effective date of this 2017 Act.

(2) If the Oregon Liquor Control Commission determines that the supply of marijuana items offered for sale by marijuana retailers that hold a license issued under ORS 475B.110 is exceeding consumer demand for the marijuana items, and if the commission determines that the market for marijuana items in this state will not self-correct for the excess, the commission may issue an order that temporarily reduces the amount of usable marijuana that may be transferred pursuant to this section or that temporarily suspends the ability to transfer usable marijuana pursuant to this section.

SECTION 8a. The Oregon Liquor Control Commission shall monitor the lawful transfer of any usable marijuana, as defined in ORS 475B.015, to a person that holds a license issued under ORS 475B.090 or 475B.100 by a marijuana grow site, as defined in ORS 475B.410, to determine whether the laws of this state may allow for the lawful transfer of additional usable marijuana to a person that holds a license issued under ORS 475B.090 or 475B.100 by a marijuana grow site. On or before September 15, 2018, the commission shall submit the commission's findings and recommendations, in the manner prescribed by ORS 192.245, to the interim committees of the Legislative Assembly related to judiciary.

SECTION 8b. Section 8a of this 2017 Act is repealed on January 2, 2019.

DESIGNATED PRIMARY CAREGIVERS

SECTION 9. Section 10 of this 2017 Act is added to and made a part of ORS 475B.400 to 475B.525.

SECTION 10. A designated primary caregiver may assist the designating registry identification cardholder with any matter related to the medical use of marijuana, including:

- (1) **The production of marijuana at the address provided by the registry identification cardholder to the Oregon Health Authority pursuant to ORS 475B.415 (2)(f); and**
- (2) **The processing of marijuana into cannabinoid concentrates or medical cannabinoid products.**

PLANT LIMITS

SECTION 11. If Senate Bill 1057 becomes law, ORS 475B.428, as amended by section 23, chapter 24, Oregon Laws 2016, and section 37, chapter 183, Oregon Laws 2017 (Enrolled Senate Bill 1057), is amended to read:

475B.428. (1)(a) A registry identification cardholder and the designated primary caregiver of the registry identification cardholder may jointly possess:

- (A) Six or fewer mature marijuana plants; and
- (B) Twelve or fewer immature marijuana plants.

[(b)] **(b)(A)** Unless an address is the marijuana grow site of a person designated to produce marijuana by a registry identification cardholder, the address where a registry identification cardholder or the primary caregiver of a registry identification cardholder produces marijuana may be used to produce not more than:

[(A)] (i) Six or fewer mature marijuana plants **per registry identification cardholder, up to 12 mature marijuana plants**; and

[(B)] (ii) Twelve or fewer immature marijuana plants **per registry identification cardholder, up to 24 immature marijuana plants**.

(B) Except as provided in subparagraph (C) of this paragraph, an address that is subject to this paragraph may not be used to produce marijuana plants pursuant to ORS 475B.245.

(C) Subject to subparagraph (D) of this paragraph, an address that is subject to this paragraph may be used to produce marijuana plants pursuant to ORS 475B.245 if a person other than a registry identification cardholder who is using the address to produce marijuana plants pursuant to ORS 475B.400 to 475B.525 resides at the address.

(D) An address that is subject to this paragraph may not be used to produce more than 12 total mature marijuana plants.

(2)(a) A person may be designated to produce marijuana under ORS 475B.420 by no more than four registry identification cardholders.

(b) A person who is designated to produce marijuana by a registry identification cardholder may produce no more than six mature marijuana plants and no more than 12 immature marijuana plants **that are 24 inches or more in height** for a registry identification cardholder who designates the person to produce marijuana.

(3) If the address of a person responsible for a marijuana grow site under ORS 475B.420 is located within city limits in an area zoned for residential use:

(a) Except as provided in paragraph (b) of this subsection, no more than 12 mature marijuana plants and no more than 24 immature marijuana plants **that are 24 inches or more in height** may be produced at the address; or

(b) Subject to subsection (5) of this section, if each person responsible for a marijuana grow site located at the address first registered with the Oregon Health Authority under ORS 475B.420 before January 1, 2015:

(A) No more than the amount of mature marijuana plants located at that address on December 31, 2014, in excess of 12 mature marijuana plants, not to exceed 24 mature marijuana plants, may be produced at the address; and

(B) No more than 48 immature marijuana plants **that are 24 inches or more in height** may be produced at the address.

(4) If the address of a person responsible for a marijuana grow site under ORS 475B.420 is located in an area other than an area described in subsection (3) of this section:

(a) Except as provided in paragraph (b) of this subsection, no more than 48 mature marijuana plants and no more than 96 immature marijuana plants **that are 24 inches or more in height** may be produced at the address; or

(b) Subject to subsections (5) and (6) of this section, if each person responsible for a marijuana grow site located at the address first registered with the authority under ORS 475B.420 before January 1, 2015:

(A) No more than the amount of mature marijuana plants located at that address on December 31, 2014, in excess of 48 mature marijuana plants, not to exceed 96 mature marijuana plants, may be produced at the address; and

(B) No more than 192 immature marijuana plants **that are 24 inches or more in height** may be produced at the address.

(5) If the authority suspends or revokes the registration of a person responsible for a marijuana grow site that is located at an address described in subsection (3)(b) or (4)(b) of this section:

(a) No more than 12 mature marijuana plants and no more than 24 immature marijuana plants **that are 24 inches or more in height** may be subsequently produced at any address described in subsection (3) of this section at which the person responsible for that marijuana grow site produces marijuana.

(b) No more than 48 mature marijuana plants and no more than 96 immature marijuana plants **that are 24 or more inches in height** may be subsequently produced at any address described in subsection (4) of this section at which the person responsible for that marijuana grow site produces marijuana.

(6) If a registry identification cardholder who designated a person to produce marijuana for the registry identification cardholder pursuant to ORS 475B.420 terminates the designation, the person responsible for the marijuana grow site whose designation has been terminated may not be designated to produce marijuana by another registry identification cardholder, except that the person may be designated by another registry identification cardholder if no more than 48 mature marijuana plants and no more than 96 immature marijuana plants **that are 24 or more inches in height** are produced at the address for the marijuana grow site at which the person produces marijuana.

(7) Subject to the limits described in subsections (2) to (6) of this section, if multiple persons responsible for a marijuana grow site under ORS 475B.420 are located at the same address, the persons designated to produce marijuana by registry identification cardholders who are located at that address may collectively produce marijuana plants for any number of registry identification cardholders who designate the persons to produce marijuana.

(8) If a law enforcement officer determines that there is a number of marijuana plants at an address in excess of the quantities specified in this section, or that an address is being used to produce a number of marijuana plants in excess of the quantities specified in subsection (1)(b) of this section, the law enforcement officer may confiscate only the excess number of marijuana plants.

SECTION 12. If Senate Bill 1057 becomes law, section 36, chapter 183, Oregon Laws 2017 (Enrolled Senate Bill 1057), is repealed.

TRACKING

SECTION 13. Section 14 of this 2017 Act is added to and made a part of ORS 475B.400 to 475B.525.

SECTION 14. Section 40, chapter 183, Oregon Laws 2017 (Enrolled Senate Bill 1057), does not authorize the Oregon Health Authority or the Oregon Liquor Control Commission to require a marijuana grow site to use a security system or any component of a security system, such as video surveillance, an alarm system, sensors or physical barriers.

SECTION 15. If Senate Bill 1057 does not become law, section 14 of this 2017 Act is repealed.

MARIJUANA GROW SITE ADDRESSES

SECTION 16. Section 16a of this 2017 Act is added to and made a part of ORS 475B.400 to 475B.525.

SECTION 16a. (1) For purposes of ORS 475B.400 to 475B.525, the following forms of evidence shall be sufficient to establish the address where a marijuana grow site is located:

- (a) A tax lot number;
- (b) An assessor's map number with a map attached, showing the exact location of the marijuana grow site; or
- (c) The exact location of the marijuana grow site using one or more of the following:
 - (A) Longitude and latitude coordinates;
 - (B) Township coordinates; or
 - (C) Global positioning system coordinates.

(2) For purposes of ORS 475B.420, the Oregon Health Authority shall accept the forms of evidence described in subsection (1) of this section for the purpose of establishing the address where a marijuana grow site is located.

EXCLUSIVELY MEDICAL LICENSEES

SECTION 17. If a city or county enacts or has enacted an ordinance prohibiting or allowing marijuana processing sites registered under ORS 475B.435 or medical marijuana dispensaries registered under ORS 475B.450, the governing body of the city or the county may amend the ordinance, without referring the amendment to the electors of the city or county under ORS 475B.800, to prohibit or allow the premises of a licensee, as those terms are defined in ORS 475B.015, that has been designated an exclusively medical licensee under section 24, 25, 26 or 27, chapter 183, Oregon Laws 2017 (Enrolled Senate Bill 1057).

SECTION 18. If Senate Bill 56 becomes law, section 11, chapter 476, Oregon Laws 2017 (Enrolled Senate Bill 56), and section 11a, chapter 476, Oregon Laws 2017 (Enrolled Senate Bill 56) (repealing section 17 of this 2017 Act), are repealed.

SCHOOLS

SECTION 19. Section 20 of this 2017 Act is added to and made a part of ORS 475B.010 to 475B.395.

SECTION 20. Notwithstanding ORS 475B.110 (2)(d), a marijuana retailer may be located within 1,000 feet of a school if:

- (1) The marijuana retailer is not located within 500 feet of:
 - (a) A public elementary or secondary school for which attendance is compulsory under ORS 339.020; or
 - (b) A private or parochial elementary or secondary school, teaching children as described in ORS 339.030 (1)(a); and
- (2) The Oregon Liquor Control Commission determines that there is a physical or geographic barrier capable of preventing children from traversing to the premises of the marijuana retailer.

SECTION 21. Section 22 of this 2017 Act is added to and made a part of ORS 475B.400 to 475B.525.

SECTION 22. Notwithstanding ORS 475B.450 (3)(d), a medical marijuana dispensary may be located within 1,000 feet of a school if:

- (1) The medical marijuana dispensary is not located within 500 feet of:
 - (a) A public elementary or secondary school for which attendance is compulsory under ORS 339.020; or

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

(2) The Oregon Liquor Control Commission determines that there is a physical or geographic barrier capable of preventing children from traversing to the premises of the medical marijuana dispensary.

SECTION 23. Sections 29 and 29b, chapter 83, Oregon Laws 2016, are repealed.

AMENDMENTS TO STATUTES

SECTION 24. ORS 475B.045 is amended to read:

475B.045. (1) The Oregon Liquor Control Commission may not license an applicant under the provisions of ORS 475B.010 to 475B.395 if the applicant is under 21 years of age.

(2) The commission may refuse to **issue a license or may issue a restricted license** to an applicant under the provisions of ORS 475B.010 to 475B.395 if the commission [*has reasonable ground to believe*] **makes a finding** that the applicant:

(a) Is in the habit of using alcoholic beverages, habit-forming drugs, marijuana or controlled substances to excess.

(b) Has made false statements to the commission.

(c) Is incompetent or physically unable to carry on the management of the establishment proposed to be licensed.

(d) Has been convicted of violating a [*general or local law of this state or another state, or of violating a federal law,*] **federal law, state law or local ordinance** if the conviction is substantially related to the fitness and ability of the applicant to lawfully carry out activities under the license.

(e) Is not of good repute and moral character.

(f) Does not have a good record of compliance with ORS 475B.010 to 475B.395 or any rule [*of the commission*] adopted under ORS 475B.010 to 475B.395.

(g) Is not the legitimate owner of the [*business*] **premises** proposed to be licensed, or **has not disclosed that** other persons have ownership interests in the [*business that have not been disclosed.*] **premises proposed to be licensed.**

(h) [*Is not possessed of or*] Has not demonstrated financial responsibility sufficient to adequately meet the requirements of the [*business*] **premises** proposed to be licensed.

(i) Is unable to understand the laws of this state relating to marijuana **items** or the rules [*of the commission relating to marijuana*] **adopted under ORS 475B.010 to 475B.395.**

(3) Notwithstanding subsection (2)(d) of this section, in determining whether [*the commission may refuse*] to **issue a license or a restricted license** to an applicant, the commission may not consider the prior conviction of the applicant or any owner, director, officer, manager, employee, agent or other representative of the applicant for:

(a) The manufacture of marijuana, if:

(A) The date of the conviction is two or more years before the date of the application; and

(B) The person has not been convicted more than once for the manufacture or delivery of marijuana;

(b) The delivery of marijuana to a person 21 years of age or older, if:

(A) The date of the conviction is two or more years before the date of the application; and

(B) The person has not been convicted more than once for the manufacture or delivery of marijuana; or

(c) The possession of marijuana.

SECTION 25. ORS 475B.110, as amended by section 4, chapter 24, Oregon Laws 2016, and section 10, chapter 83, Oregon Laws 2016, is amended to read:

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

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

(a) Must apply for a license in the manner described in ORS 475B.040;
(b) Must provide proof that the applicant is 21 years of age or older;
(c) May not be located in an area that is zoned exclusively for residential use;
(d) Except as provided in [section 29b, chapter 83, Oregon Laws 2016] **section 20 of this 2017 Act**, may not be located within 1,000 feet of:

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

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

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

(3) The commission shall adopt rules that:

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

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

(c) Require marijuana items sold by a marijuana retailer to be tested in accordance with ORS 475B.555;

(d) Notwithstanding ORS 475B.160, allow a marijuana retailer to deliver marijuana items to another marijuana retailer that is owned by the same or substantially the same persons;

[*d*] (e) Subject to the limitations and privileges described in section 5 (4), chapter 83, Oregon Laws 2016, allow a marijuana retailer registered under section 5, chapter 83, Oregon Laws 2016, to sell medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts at retail in the same manner that rules adopted under ORS 475B.010 to 475B.395 allow a marijuana retailer to sell general use cannabinoid products, cannabinoid concentrates and cannabinoid extracts at retail, excepting those circumstances where differentiating between the sale of medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts and the sale of general use cannabinoid products, cannabinoid concentrates and cannabinoid extracts is necessary to protect the public health and safety; and

[*e*] (f) Require a marijuana retailer to meet any public health and safety standards and industry best practices established by the commission by rule.

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

(a) May not exceed, together with other fees collected under ORS 475B.010 to 475B.395, the cost of administering ORS 475B.010 to 475B.395; and

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

SECTION 26. ORS 475B.210 is amended to read:

475B.210. The Oregon Liquor Control Commission may revoke [*or*], suspend **or restrict** a license issued under ORS 475B.010 to 475B.395 **or require a licensee or licensee representative to undergo training** if the commission finds or has reasonable ground to believe any of the following to be true:

(1) That the licensee **or licensee representative**:

(a) Has violated a provision of ORS 475B.010 to 475B.395 or a rule [*of the commission*] adopted under ORS 475B.010 to 475B.395.

(b) Has made any false representation or statement to the commission in order to induce or prevent action by the commission.

(c) Is insolvent or incompetent or physically unable to carry on the management of the establishment of the licensee.

(d) Is in the habit of using alcoholic liquor, habit-forming drugs, marijuana or controlled substances to excess.

(e) Has misrepresented to a customer or the public any marijuana items sold by the licensee **or licensee representative**.

(f) Since the [granting] **issuance** of the license, has been convicted of a felony, of violating any of the marijuana laws of this state, general or local, or of any misdemeanor or violation of any municipal ordinance committed on the [licensed] premises **for which the license has been issued**.

(2) That there is any other reason that, in the opinion of the commission, based on public convenience or necessity, warrants [canceling] **revoking**, [or] suspending **or restricting** the license.

SECTION 27. ORS 475B.450, as amended by section 8, chapter 24, Oregon Laws 2016, and section 30, chapter 83, Oregon Laws 2016, is amended to read:

475B.450. (1)(a) The Oregon Health Authority shall establish by rule a medical marijuana dispensary registration system for the purpose of tracking and regulating the transfer of:

(A) Usable marijuana, immature marijuana plants and seeds from registry identification cardholders, designated primary caregivers and persons responsible for marijuana grow sites to medical marijuana dispensaries;

(B) Medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts from persons responsible for marijuana processing sites to medical marijuana dispensaries; and

(C) Usable marijuana, immature marijuana plants, seeds, medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts from medical marijuana dispensaries to registry identification cardholders and designated primary caregivers.

(b) A person may not operate an establishment for the purpose of providing the services described in paragraph (a) of this subsection unless the person is registered under this section.

(2) The registration system established under subsection (1) of this section must require an applicant for a medical marijuana dispensary to submit an application to the authority that includes:

(a) The name of the individual who owns the medical marijuana dispensary or, if a business entity owns the medical marijuana dispensary, the name of each individual who has a financial interest in the medical marijuana dispensary;

(b) The name of the individual or individuals responsible for the medical marijuana dispensary, if different from the name of the individual who owns the medical marijuana dispensary;

(c) The address of the medical marijuana dispensary;

(d) Proof that each individual responsible for the medical marijuana dispensary is 21 years of age or older;

(e) Documentation, as required by the authority by rule, that demonstrates the medical marijuana dispensary meets the requirements of subsection (3) of this section; and

(f) Any other information that the authority considers necessary.

(3) To qualify for registration under this section, a medical marijuana dispensary:

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

(b) May not be located at the same address as a marijuana grow site;

(c) Must be registered as a business, or have filed an application to register as a business, with the office of the Secretary of State;

(d) Except as provided under [section 29, chapter 83, Oregon Laws 2016] **section 22 of this 2017 Act**, may not be located within 1,000 feet of:

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

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

(e) Must not be located within 1,000 feet of another medical marijuana dispensary; and

(f) Must meet the requirements of any rule adopted by the authority under subsection (10) of this section.

(4)(a) The authority shall conduct a criminal records check under ORS 181A.195 for each individual named in an application submitted under subsection (2) of this section.

(b) An individual convicted for the manufacture or delivery of a controlled substance in Schedule I or Schedule II may not own or be responsible for a medical marijuana dispensary for two years from the date the individual is convicted.

(c) An individual convicted more than once for the manufacture or delivery of a controlled substance in Schedule I or Schedule II may not own or be responsible for a medical marijuana dispensary.

(5) If a person submits the application required under subsection (2) of this section, if the medical marijuana dispensary identified in the application meets the requirements of this section and any rules adopted under this section and if each individual named in the application passes the criminal records check required under subsection (4) of this section, the authority shall register the medical marijuana dispensary and issue proof of registration. Proof of registration must be displayed on the premises of the medical marijuana dispensary at all times.

(6) A medical marijuana dispensary that is registered under this section is not required to register with the State Board of Pharmacy under ORS 475.125.

(7) The individual or individuals responsible for a medical marijuana dispensary shall maintain documentation of each transfer of usable marijuana, medical cannabinoid products, cannabinoid concentrates, cannabinoid extracts, immature marijuana plants and seeds.

(8) The authority may inspect:

(a) The premises of a proposed medical marijuana dispensary or a registered medical marijuana dispensary to ensure compliance with this section and ORS 475B.453 and any rules adopted under this section or ORS 475B.453; and

(b) The records of a registered medical marijuana dispensary to ensure compliance with subsection (7) of this section.

(9) Subject to the provisions of ORS chapter 183, the authority may refuse to register an applicant under this section or may suspend or revoke the registration of a medical marijuana dispensary if the authority determines that the applicant, the owner of the medical marijuana dispensary, a person responsible for the medical marijuana dispensary, or an employee of the medical marijuana dispensary, violated a provision of ORS 475B.400 to 475B.525, a rule adopted under ORS 475B.400 to 475B.525 or an ordinance adopted pursuant to ORS 475B.500.

(10) The authority shall adopt rules to implement this section, including rules that:

(a) Require a registered medical marijuana dispensary to annually renew the registration for that dispensary;

(b) Establish fees for registering, and renewing the registration of, a medical marijuana dispensary;

(c) Require that each medical marijuana dispensary install and maintain a minimum security system that includes video surveillance, an alarm system and a safe;

(d) Require that usable marijuana, medical cannabinoid products, cannabinoid concentrates, cannabinoid extracts and immature marijuana plants transferred by a medical marijuana dispensary be tested to ensure the public health and safety; and

(e) Impose any other standard on the operation of a medical marijuana dispensary to ensure the public health and safety.

SECTION 28. If Senate Bill 1057 becomes law, ORS 471.775, as amended by section 20, chapter 24, Oregon Laws 2016, and section 110, chapter 21, Oregon Laws 2017 (Enrolled Senate Bill 302), is amended to read:

471.775. (1) The provisions of ORS 183.440 shall apply to subpoenas issued by each member of the Oregon Liquor Control Commission or any of its authorized agents.

(2) Subject to subsection (3) of this section, regulatory specialists have authority as provided under this chapter, ORS chapter 153, ORS 133.005 to 133.400, 133.450, 133.525 to 133.703, 133.721 to 133.739, 161.235, 161.239, 161.245[, 475B.010 to 475B.395, 475B.550 to 475B.590 and 475B.600 to 475B.655] and chapter 743, Oregon Laws 1971, to conduct inspections or investigations, make arrests and seizures, aid in prosecutions for offenses, issue criminal citations and citations for violations and otherwise enforce this chapter, ORS 474.005 to 474.095[,] **and** 474.115, [475B.010 to 475B.395, 475B.550 to 475B.590 and 475B.600 to 475B.655,] commission rules and any other laws of this state that the commission considers related to alcoholic liquor, [*marijuana and marijuana-derived products,*] including but not limited to:

(a) Laws regarding the production, processing, manufacture, importation, transportation, possession, distribution, sale or consumption of alcoholic beverages[, *marijuana or marijuana-derived products*];

(b) The manufacture or use of false identification; or

(c) The entry of premises licensed to sell alcoholic liquor[, *marijuana or marijuana-derived products*].

(3) A regulatory specialist may not:

(a) Be sworn in as a federal law enforcement official and act in that capacity while performing duties under subsection (2) of this section; **or**

(b) Carry a firearm[;].

[*(c) Conduct inspections and investigations of a primary residence or for purposes of ensuring compliance with ORS 475B.245 and 475B.375; or*]

[*(d) Except as provided under the provisions of ORS 475B.010 to 475B.395, conduct inspections and investigations for purposes of ensuring compliance with ORS 475B.400 to 475B.525.*]

MISCELLANEOUS

SECTION 29. (1) Notwithstanding the term of office specified by section 1 (2) of this 2017 Act, of the members first appointed to the Oregon Cannabis Commission:

(a) Two shall serve for terms ending January 1, 2019.

(b) Three shall serve for terms ending January 1, 2020.

(c) Three shall serve for terms ending January 1, 2021.

(2) Notwithstanding the confirmation requirement specified in section 1 (3) of this 2017 Act, the Governor shall appoint members to the commission as soon as practicable after the effective date of this 2017 Act, and the members may perform their duties under sections 4 and 6 of this 2017 Act before being confirmed.

SECTION 30. In addition to and not in lieu of any other appropriation, there is appropriated to the Oregon Health Authority, for the biennium beginning July 1, 2017, out of the General Fund, the amount of \$250,000, which may be expended for carrying out the provisions of this 2017 Act.

SECTION 31. ORS 475B.520 is repealed.

SECTION 32. The unit captions used in this 2017 Act are provided only for the convenience of the reader and do not become part of the statutory law of this state or express any legislative intent in the enactment of this 2017 Act.

SECTION 33. This 2017 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2017 Act takes effect on its passage.

Passed by House July 5, 2017

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Timothy G. Sekerak, Chief Clerk of House

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Tina Kotek, Speaker of House

Passed by Senate July 6, 2017

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Peter Courtney, President of Senate

Received by Governor:

.....M,....., 2017

Approved:

.....M,....., 2017

.....
Kate Brown, Governor

Filed in Office of Secretary of State:

.....M,....., 2017

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Dennis Richardson, Secretary of State