

Enrolled Senate Bill 1057

Sponsored by COMMITTEE ON RULES (at the request of Senators Ginny Burdick, Ted Ferrioli)

CHAPTER

AN ACT

Relating to cannabis; creating new provisions; amending ORS 279A.025, 471.705, 475B.010, 475B.015, 475B.025, 475B.033, 475B.035, 475B.040, 475B.045, 475B.055, 475B.060, 475B.065, 475B.068, 475B.070, 475B.075, 475B.125, 475B.130, 475B.135, 475B.140, 475B.150, 475B.160, 475B.170, 475B.180, 475B.190, 475B.200, 475B.205, 475B.210, 475B.215, 475B.218, 475B.230, 475B.233, 475B.235, 475B.240, 475B.255, 475B.260, 475B.290, 475B.295, 475B.298, 475B.300, 475B.305, 475B.310, 475B.315, 475B.325, 475B.340, 475B.345, 475B.355, 475B.358, 475B.365, 475B.370, 475B.399, 475B.428, 475B.430, 475B.605, 475B.655 and 475B.800 and sections 22, 30 and 33, chapter 24, Oregon Laws 2016, and sections 2, 3, 4 and 5, chapter 83, Oregon Laws 2016; and declaring an emergency.

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

GENERAL PROVISIONS

SECTION 1. ORS 475B.010 is amended to read:
475B.010. ORS 475B.010 to 475B.395 shall be known and may be cited as the [*Control and Regulation of Marijuana Act.*] **Adult and Medical Use of Cannabis Act.**

SECTION 2. Sections 3 and 4 of this 2017 Act are added to and made a part of ORS 475B.010 to 475B.395.

SECTION 3. A license issued under ORS 475B.010 to 475B.395:
(1) Is issued for both adult use purposes and medical use purposes; and
(2) Serves the purpose of exempting the person that holds the license from the criminal laws of this state for possession, delivery or manufacture of marijuana items, provided that the person complies with all state laws and rules applicable to licensees.

SECTION 4. Except as otherwise provided by law, the Oregon Liquor Control Commission has any power, and may perform any function, necessary for the commission to prevent the diversion of marijuana from licensees to a source that is not operating legally under the laws of this state.

REGULATORY SPECIALISTS

SECTION 5. Section 6 of this 2017 Act is added to and made a part of ORS 475B.010 to 475B.395.

SECTION 6. (1) In addition to the duties, functions and powers described in ORS 471.775, and subject to subsection (2) of this section, a regulatory specialist, as defined in ORS

471.001, has the authority as provided in ORS 133.005 to 133.400, 133.450, 133.525 to 133.703, 133.721 to 133.739, 161.235, 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 and investigations, make seizures, aid in prosecutions of and issue citations to licensees and persons who hold a certificate or permit under ORS 475B.010 to 475B.395 for violations of and offenses related to, and otherwise enforce, ORS 475B.010 to 475B.395, 475B.550 to 475B.590 and 475B.600 to 475B.655, any rule adopted under ORS 475B.010 to 475B.395, 475B.550 to 475B.590 and 475B.600 to 475B.655 and any other law of this state that charges the Oregon Liquor Control Commission with a duty, function or power related to a marijuana item, including enforcing any law or rule related to individuals who use false identification for purposes of purchasing or possessing a marijuana item or who engage in illegal activity on or near a premises.

(2) A regulatory specialist may not:

(a) Be sworn in as a federal law enforcement official and act in that capacity while performing an activity authorized by this section.

(b) Carry a firearm.

(c) Conduct inspections and investigations of a primary residence.

(d) For purposes of ensuring compliance with ORS 475B.400 to 475B.525, conduct inspections and investigations of registry identification cardholders or designated primary caregivers, the residences of registry identification cardholders or designated primary caregivers, or the locations where registry identification cardholders or designated primary caregivers produce marijuana.

FINANCIAL DISCLOSURE

SECTION 7. Section 8 of this 2017 Act is added to and made a part of ORS 475B.010 to 475B.395.

SECTION 8. (1) The Oregon Liquor Control Commission may require a licensee or applicant for a license under ORS 475B.010 to 475B.395 to submit, in a form and manner prescribed by the commission, to the commission a sworn statement showing:

(a) The name and address of each person that has a financial interest in the business operating or to be operated under the license; and

(b) The nature and extent of the financial interest of each person that has a financial interest in the business operating or to be operated under the license.

(2) The commission may refuse to issue, or may suspend, revoke or refuse to renew, a license issued under ORS 475B.010 to 475B.395 if the commission determines that a person that has a financial interest in the business operating or to be operated under the license committed or failed to commit an act that would constitute grounds for the commission to refuse to issue, or to suspend, revoke or refuse to renew, the license if the person were the licensee or applicant for the license.

SECTION 9. Section 10 of this 2017 Act is added to and made a part of ORS 475B.550 to 475B.590.

SECTION 10. (1) The Oregon Liquor Control Commission may require a licensee or applicant for a license under ORS 475B.560 to submit, in a form and manner prescribed by the commission, to the commission a sworn statement showing:

(a) The name and address of each person that has a financial interest in the business operating or to be operated under the license; and

(b) The nature and extent of the financial interest of each person that has a financial interest in the business operating or to be operated under the license.

(2) The commission may refuse to issue, or may suspend, revoke or refuse to renew, a license issued under ORS 475B.560 if the commission determines that a person that has a financial interest in the business operating or to be operated under the license committed or failed to commit an act that would constitute grounds for the commission to refuse to

issue, or to suspend, revoke or refuse to renew, the license if the person were the licensee or applicant for the license.

LETTER OF REPRIMAND

SECTION 11. Sections 12 and 13 of this 2017 Act are added to and made a part of ORS 475B.010 to 475B.395.

SECTION 12. (1) Notwithstanding the lapse, suspension or revocation of a license issued under ORS 475B.010 to 475B.395, the Oregon Liquor Control Commission may:

(a) Proceed with any investigation of, or any action or disciplinary proceeding against, the person who held the license; or

(b) Revise or render void an order suspending or revoking the license.

(2) In cases involving the proposed denial of a license issued under ORS 475B.010 to 475B.395, the applicant for licensure may not withdraw the applicant's application.

SECTION 13. (1) Notwithstanding the lapse, suspension or revocation of a permit issued under ORS 475B.218, the Oregon Liquor Control Commission may:

(a) Proceed with any investigation of, or any action or disciplinary proceeding against, the person who held the permit; or

(b) Revise or render void an order suspending or revoking the permit.

(2) In cases involving the proposed denial of a license issued under ORS 475B.010 to 475B.395, the applicant for licensure may not withdraw the applicant's application.

SECTION 14. Section 15 of this 2017 Act is added to and made a part of ORS 475B.550 to 475B.590.

SECTION 15. (1) Notwithstanding the lapse, suspension or revocation of a license issued under ORS 475B.560, the Oregon Liquor Control Commission may:

(a) Proceed with any investigation of, or any action or disciplinary proceeding against, the person who held the license; or

(b) Revise or render void an order suspending or revoking the license.

(2) In cases involving the proposed denial of a license issued under ORS 475B.010 to 475B.395, the applicant for licensure may not withdraw the applicant's application.

TRADE SHOWS

SECTION 16. Section 17 of this 2017 Act is added to and made a part of ORS 475B.010 to 475B.395.

SECTION 17. (1) Notwithstanding ORS 475B.160 or any other provision prohibiting the transportation of marijuana items to or from a location for which a license has not been issued under ORS 475B.010 to 475B.395 or prohibiting the possession of marijuana items at a location for which a license has not been issued under ORS 475B.010 to 475B.395, a licensee may transport marijuana items to and exhibit marijuana items at a trade show, the Oregon State Fair or a similar event if:

(a) The marijuana items are tracked using the system developed and maintained under ORS 475B.150;

(b) All of the marijuana items are returned to a premises for which a license has been issued under ORS 475B.010 to 475B.395 immediately after the conclusion of the event; and

(c) The licensee complies with any other requirement imposed by the Oregon Liquor Control Commission by rule or order for the purpose of ensuring the security of the marijuana items, for the purpose of preventing minors from having access to the marijuana items or for any other purpose deemed relevant by the commission.

(2) The commission shall adopt rules to implement this section.

SECTION 18. (1) As used in this section, "licensee" and "marijuana item" have the meaning given those terms in ORS 475B.015.

(2) Notwithstanding ORS 475B.160 or any other provision prohibiting the transportation of marijuana items to or from a location for which a license has not been issued under ORS 475B.010 to 475B.395 or prohibiting the possession of marijuana items at a location for which a license has not been issued under ORS 475B.010 to 475B.395, a licensee may transport marijuana items to and exhibit marijuana items at the 2017 Oregon State Fair if:

(a) The licensee is acting pursuant to an order issued by the Oregon Liquor Control Commission providing for the transportation and exhibition;

(b) All of the marijuana items are returned to a premises for which a license has been issued under ORS 475B.010 to 475B.395 immediately after the conclusion of the event; and

(c) The licensee complies with any other requirement imposed by the commission for the purpose of ensuring the security of the marijuana items, for the purpose of preventing minors from having access to the marijuana items or for any other purpose deemed relevant by the commission.

(3) The commission may issue only one order pursuant to this section.

(4) An order issued pursuant to this section may apply to more than one licensee.

PRODUCTION, PROCESSING AND SALE FOR MEDICAL PURPOSES

SECTION 19. Section 2, chapter 83, Oregon Laws 2016, is amended to read:

Sec. 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)] (1) To produce marijuana for medical purposes, a marijuana producer that holds a license **issued** under ORS 475B.070 must register with the Oregon Liquor Control Commission under this section.

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

(a) Holds a license **issued** 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

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

[(4)(a) A marijuana producer registered under this section may produce marijuana for a registry identification cardholder, and provide usable marijuana to the registry identification cardholder or to the designated primary caregiver of the registry identification cardholder, if the marijuana producer enters into an agreement with the registry identification cardholder for whom the marijuana producer is producing the marijuana. An agreement entered into under this subsection:]

[(A) Must be submitted to the commission in a manner prescribed by the commission;]

[(B) Except as provided in subparagraph (C) of this paragraph, may not allow the marijuana producer to be compensated for producing the marijuana or providing the usable marijuana;]

[(C) May require a registry identification cardholder, or a designated primary caregiver on behalf of a registry identification cardholder, to reimburse a marijuana producer for all costs associated with producing marijuana for the registry identification cardholder or providing usable marijuana to the registry identification cardholder or designated primary caregiver;]

[(D) May not allow the marijuana producer to produce for the registry identification cardholder an amount of mature marijuana plants that exceeds the amount that a registry identification cardholder and a designated primary caregiver may jointly possess under ORS 475B.428;]

[(E) May not allow the marijuana producer to provide to the registry identification cardholder an amount of usable marijuana that exceeds the amount that a registry identification cardholder and a designated primary caregiver may jointly possess under ORS 475B.430; and]

[(F) May allow the marijuana producer to keep a portion of the usable marijuana harvested from the marijuana produced for the registry identification cardholder for the purposes of:]

[(i) Providing usable marijuana to additional registry identification cardholders or designated primary caregivers; and]

[(ii) Transferring or selling usable marijuana to marijuana processing sites or medical marijuana dispensaries.]

[(c) Marijuana produced for a registry identification cardholder, and usable marijuana transferred or sold to a marijuana processing site or medical marijuana dispensary, pursuant to an agreement entered into under this subsection must be tracked by the system developed and maintained under ORS 475B.150.]

[(d)(A) Upon request by the commission, the Oregon Health Authority shall provide the commission, notwithstanding any laws relating to the confidentiality of information under ORS 475B.460 and 475B.462, with the registration information of:]

[(i) A registry identification cardholder who enters into an agreement under this subsection; or]

[(ii) A registry identification cardholder, designated primary caregiver, marijuana processing site or medical marijuana dispensary that receives usable marijuana pursuant to an agreement entered into under this subsection.]

[(B) Registration information received by the commission under this paragraph that is confidential and not subject to public disclosure under ORS 475B.460 and 475B.462 remains confidential and not subject to public disclosure after being provided to the commission.]

[(e) Marijuana produced pursuant to an agreement entered into under this subsection is not subject to rules restricting the size of mature marijuana plant grow canopies adopted by the commission under ORS 475B.075.]

[(5)(a) The commission shall adopt rules necessary to administer this section, including rules:]

[(A) For the equitable conversion of a number of mature marijuana plants to a size of mature marijuana plant grow canopy;]

[(B) Limiting the amount of marijuana that may be produced under section (4) of this section;]

[(C) Limiting the amount of usable marijuana that may be provided, transferred or sold under subsection (4)(a)(F) of this section;]

[(D) Limiting the number of registry identification cardholders for whom a marijuana producer registered under this section may produce marijuana; and]

[(E) Prohibiting a registry identification cardholder from entering into more than one agreement with a marijuana producer registered under this section.]

(3) Subject to subsection (4) of this section, a marijuana producer registered under this section may produce marijuana plants on a medically designated grow canopy in addition to producing marijuana plants on the grow canopy allowed under rules adopted under ORS 475B.075. The commission shall specify the size of medically designated grow canopies by rule, provided that the size of any medically designated grow canopy does not exceed 10 percent of the total size of both the medically designated grow canopy and the grow canopy allowed under rules adopted under ORS 475B.075 at the time that the marijuana producer applies for registration under this section.

(4) A marijuana producer registered under this section must provide, for no consideration, at least 75 percent of the annual yield of usable marijuana harvested from the marijuana producer's medically designated grow canopy to registry identification cardholders and designated primary caregivers.

(5) A marijuana producer registered under this section may not, during a single transaction, provide a registry identification cardholder or the designated primary caregiver of a registry identification cardholder an amount of usable marijuana that exceeds the amount of usable marijuana that a registry identification cardholder and a designated primary caregiver may jointly possess under ORS 475B.430.

(6)(a) The commission shall adopt rules necessary to administer this section.

(b) The rules must establish sanctions for failure to meet the requirements of this section or a rule adopted under this section, including revocation of permission for the marijuana producer's medically designated grow canopy.

[(b)] (c) The rules must provide that any fee adopted by the commission under subsection [(3)(d)] (2)(d) of this section be in an amount reasonably calculated to not exceed, together with other fees collected under ORS 475B.010 to 475B.395, the cost of administering ORS 475B.010 to 475B.395.

SECTION 20. Section 3, chapter 83, Oregon Laws 2016, is amended to read:

Sec. 3. (1) To process marijuana for medical purposes, a marijuana processor that holds a license **issued** under ORS 475B.090 must register with the Oregon Liquor Control Commission under this section.

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

- (a) Holds a license **issued** under ORS 475B.090;
- (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
- (d) Pays any fee adopted by the commission by rule.

(3) A marijuana processor registered under this section may:

(a) Process marijuana and usable marijuana into medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts[.]; **and**

(b) **Notwithstanding ORS 475B.160, receive marijuana and usable marijuana from, and for a fee process that marijuana and usable marijuana into cannabinoid products, cannabinoid concentrates and cannabinoid extracts for, a registry identification cardholder or the designated primary caregiver of a registry identification cardholder, provided that the cannabinoid products, cannabinoid concentrates and cannabinoid extracts meet the requirements of ORS 475B.550 to 475B.590 and 475B.625.**

(4)(a) The commission shall adopt rules necessary to administer this section.

(b) The rules must provide that any fee adopted by the commission under subsection (2)(d) of this section be in an amount reasonably calculated to not exceed, together with other fees collected under ORS 475B.010 to 475B.395, the cost of administering ORS 475B.010 to 475B.395.

SECTION 21. Section 4, chapter 83, Oregon Laws 2016, is amended to read:

Sec. 4. (1) To sell marijuana **items** at wholesale for medical purposes, a marijuana wholesaler that holds a license **issued** under ORS 475B.100 must register with the Oregon Liquor Control Commission under this section.

(2) The commission shall register a marijuana wholesaler for the purpose of selling marijuana **items** at wholesale for medical purposes if the marijuana wholesaler:

- (a) Holds a license under ORS 475B.100;
- (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
- (d) Pays any fee adopted by the commission by rule.

(3) A marijuana wholesaler registered under this section may sell medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts at wholesale.

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

SECTION 22. Section 5, chapter 83, Oregon Laws 2016, is amended to read:

Sec. 5. [(1) As used in this section, “designated primary caregiver” and “registry identification cardholder” have the meanings given those terms in ORS 475B.410.]

[(2)] (1) To sell marijuana **items** at retail for medical purposes, a marijuana retailer that holds a license **issued** under ORS 475B.110 must register with the Oregon Liquor Control Commission under this section.

[(3)] (2) The commission shall register a marijuana retailer for the purpose of selling marijuana **items** at retail for medical purposes if the marijuana retailer:

- (a) Holds a license **issued** under ORS 475B.110;

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

[(4)] (3) A marijuana retailer registered under this section:

(a) May sell medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts to registry identification cardholders and designated primary caregivers;

(b) May not sell medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts to individuals other than registry identification cardholders and designated primary caregivers;

(c) May sell usable marijuana and medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts to registry identification cardholders and designated primary caregivers at a discounted price; and

(d) May provide, **for no consideration**, usable marijuana and medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts to **a registry identification [cardholders and designated primary caregivers free of charge] cardholder and the designated primary caregiver of the registry identification cardholder.**

[(5)] (4)(a) The commission shall adopt rules necessary to administer this section.

(b) The rules must provide that any fee adopted by the commission under subsection [(3)(d)] (2)(d) of this section be in an amount reasonably calculated to not exceed, together with other fees collected under ORS 475B.010 to 475B.395, the cost of administering ORS 475B.010 to 475B.395.

SECTION 23. Sections 24 to 27 of this 2017 Act are added to and made a part of ORS 475B.010 to 475B.395.

SECTION 24. (1) The Oregon Liquor Control Commission shall designate any marijuana producer that holds a license issued under ORS 475B.070 and that is registered under section 2, chapter 83, Oregon Laws 2016, as an exclusively medical licensee if the marijuana producer attests, in a form and manner prescribed by the commission, to:

(a) Producing marijuana only for medical purposes; and

(b) Transferring usable marijuana only to marijuana processors registered under section 3, chapter 83, Oregon Laws 2016, marijuana wholesalers registered under section 4, chapter 83, Oregon Laws 2016, marijuana retailers registered under section 5, chapter 83, Oregon Laws 2016, registry identification cardholders and designated primary caregivers.

(2) If the commission makes a designation under this section, the commission shall keep a record of the designation.

SECTION 25. (1) The Oregon Liquor Control Commission shall designate any marijuana processor that holds a license issued under ORS 475B.090 and that is registered under section 3, chapter 83, Oregon Laws 2016, as an exclusively medical licensee if the marijuana processor attests, in a form and manner prescribed by the commission, to:

(a) Processing marijuana only for medical purposes;

(b) Receiving usable marijuana only from a marijuana producer registered under section 2, chapter 83, Oregon Laws 2016; and

(c) Transferring cannabinoid products, cannabinoid concentrates and cannabinoid extracts only to marijuana wholesalers registered under section 4, chapter 83, Oregon Laws 2016, marijuana retailers registered under section 5, chapter 83, Oregon Laws 2016, registry identification cardholders and designated primary caregivers.

(2) If the commission makes a designation under this section, the commission shall keep a record of the designation.

SECTION 26. (1) The Oregon Liquor Control Commission shall designate any marijuana wholesaler that holds a license issued under ORS 475B.100 and that is registered under section 4, chapter 83, Oregon Laws 2016, as an exclusively medical licensee if the marijuana wholesaler attests, in a form and manner prescribed by the commission, to:

(a) Selling marijuana items only for a medical purposes;

(b) Receiving usable marijuana only from marijuana producers registered under section 2, chapter 83, Oregon Laws 2016, and marijuana processors registered under section 3, chapter 83, Oregon Laws 2016;

(c) Receiving cannabinoid products, cannabinoid concentrates and cannabinoid extracts only from a marijuana processor registered under section 3, chapter 83, Oregon Laws 2016; and

(d) Transferring usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts only to marijuana retailers registered under section 5, chapter 83, Oregon Laws 2016.

(2) If the commission makes a designation under this section, the commission shall keep a record of the designation.

SECTION 27. (1) The Oregon Liquor Control Commission shall designate any marijuana retailer that holds a license issued under ORS 475B.110 and that is registered under section 5, chapter 83, Oregon Laws 2016, as an exclusively medical licensee if the marijuana retailer attests, in a form and manner prescribed by the commission, to:

(a) Selling marijuana items only for medical purposes;

(b) Receiving usable marijuana only from marijuana producers registered under section 2, chapter 83, Oregon Laws 2016, marijuana processors registered under section 3, chapter 83, Oregon Laws 2016, and marijuana wholesalers registered under section 4, chapter 83, Oregon Laws 2016;

(c) Receiving cannabinoid products, cannabinoid concentrates and cannabinoid extracts only from a marijuana processor registered under section 3, chapter 83, Oregon Laws 2016, and marijuana wholesalers registered under section 4, chapter 83, Oregon Laws 2016; and

(d) Transferring usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts only to registry identification cardholders and designated primary caregivers.

(2) If the commission makes a designation under this section, the commission shall keep a record of the designation.

SECTION 28. ORS 475B.800, as amended by section 31, chapter 24, Oregon Laws 2016, is amended to read:

475B.800. (1) The governing body of a city or county may adopt ordinances to be referred to the electors of the city or county as described in subsection (2) of this section that prohibit or allow the establishment of any one or more of the following in the area subject to the jurisdiction of the city or in the unincorporated area subject to the jurisdiction of the county:

(a) Marijuana processing sites registered under ORS 475B.435;

(b) Medical marijuana dispensaries registered under ORS 475B.450;

(c) Marijuana producers [*licensed*] **that hold a license issued** under ORS 475B.070;

(d) Marijuana processors [*licensed*] **that hold a license issued** under ORS 475B.090;

(e) Marijuana wholesalers [*licensed*] **that hold a license issued** under ORS 475B.100;

(f) Marijuana retailers [*licensed*] **that hold a license issued** under ORS 475B.110; [*or*]

(g) **Marijuana producers that hold a license issued under ORS 475B.070 and that the Oregon Liquor Control Commission has designated as an exclusively medical licensee under section 24 of this 2017 Act;**

(h) **Marijuana processors that hold a license issued under ORS 475B.090 and that the commission has designated as an exclusively medical licensee under section 25 of this 2017 Act;**

(i) **Marijuana wholesalers that hold a license issued under ORS 475B.100 and that the commission has designated as an exclusively medical licensee under section 26 of this 2017 Act;**

(j) **Marijuana retailers that hold a license issued under ORS 475B.110 and that the commission has designated as an exclusively medical licensee under section 27 of this 2017 Act;**
or

~~[(g)]~~ **(k)** Any combination of the entities described in this subsection.

(2) If the governing body of a city or county adopts an ordinance under this section, the governing body shall submit the measure of the ordinance to the electors of the city or county for approval at the next statewide general election.

(3) If the governing body of a city or county adopts an ordinance under this section, the governing body must provide the text of the ordinance:

(a) To the Oregon Health Authority, in a form and manner prescribed by the authority, if the ordinance concerns a medical marijuana dispensary registered under ORS 475B.450 or a marijuana processing site registered under ORS 475B.435; or

(b) To the [*Oregon Liquor Control*] commission, if the ordinance concerns a premises for which a license has been issued under ORS [*475B.070, 475B.090, 475B.100 or 475B.110*] **475B.010 to 475B.395.**

(4)(a) Upon receiving notice of a prohibition under subsection (3) of this section, the authority shall discontinue registering those entities to which the prohibition applies until the date of the next statewide general election.

(b) Upon receiving notice of a prohibition under subsection (3) of this section, the commission shall discontinue licensing those premises to which the prohibition applies until the date of the next statewide general election.

(5)(a) If an allowance is approved at the next statewide general election under subsection (2) of this section, and the allowance concerns an entity described in subsection (1)(a) or (b) of this section, the authority shall begin registering the entity to which the allowance applies on the first business day of the January immediately following the date of the statewide general election.

(b) If an allowance is approved at the next statewide general election under subsection (2) of this section, and the allowance concerns an entity described in subsection (1)(c) to ~~[(f)]~~ **(j)** of this section, the commission shall begin licensing the premises to which the allowance applies on the first business day of the January immediately following the date of the next statewide general election.

(6) If the electors of a city or county approve an ordinance prohibiting or allowing an establishment described in subsection (1)(a), (b) or (g) to (j) of this section, the governing body of the city or county may amend the ordinance, without referring the amendment to the electors of the city or county, to prohibit or allow any other establishment described in subsection (1)(a), (b) or (g) to (j) of this section.

~~[(6)]~~ **(7)** Notwithstanding any other provisions of law, a city or county that adopts an ordinance under this section that prohibits the establishment of an entity described in subsection (1) of this section may not impose a tax or fee on the production, processing or sale of marijuana or any product into which marijuana has been incorporated.

~~[(7)]~~ **(8)** Notwithstanding subsection (1) of this section, a medical marijuana dispensary is not subject to an ordinance adopted under this section if the medical marijuana dispensary:

(a) Is registered under ORS 475B.450 on or before the date on which the governing body adopts the ordinance; and

(b) Has successfully completed a city or county land use application process.

~~[(8)]~~ **(9)** Notwithstanding subsection (1) of this section, a marijuana processing site is not subject to an ordinance adopted under this section if the marijuana processing site:

(a) Is registered under ORS 475B.435 on or before the date on which the governing body adopts the ordinance; and

(b) Has successfully completed a city or county land use application process.

SECTION 29. Section 30, chapter 24, Oregon Laws 2016, is amended to read:

Sec. 30. (1) The governing body of a city or county may repeal an ordinance that prohibits the establishment of any one or more of the following in the area subject to the jurisdiction of the city or in the unincorporated area subject to the jurisdiction of the county:

(a) Marijuana processing sites registered under ORS 475B.435;

(b) Medical marijuana dispensaries registered under ORS 475B.450;

- (c) Marijuana producers [*licensed*] **that hold a license issued** under ORS 475B.070;
 - (d) Marijuana processors [*licensed*] **that hold a license issued** under ORS 475B.090;
 - (e) Marijuana wholesalers [*licensed*] **that hold a license issued** under ORS 475B.100;
 - (f) Marijuana retailers [*licensed*] **that hold a license issued** under ORS 475B.110; [*or*]
 - (g) **Marijuana producers that hold a license issued under ORS 475B.070 and that the Oregon Liquor Control Commission has designated as an exclusively medical licensee under section 24 of this 2017 Act;**
 - (h) **Marijuana processors that hold a license issued under ORS 475B.090 and that the commission has designated as an exclusively medical licensee under section 25 of this 2017 Act;**
 - (i) **Marijuana wholesalers that hold a license issued under ORS 475B.100 and that the commission has designated as an exclusively medical licensee under section 26 of this 2017 Act;**
 - (j) **Marijuana retailers that hold a license issued under ORS 475B.110 and that the commission has designated as an exclusively medical licensee under section 27 of this 2017 Act;**
- or**

[(g)] (k) Any combination of the entities described in this subsection.

(2) If the governing body of a city or county repeals an ordinance under this section, the governing body must provide the text of the ordinance:

(a) To the Oregon Health Authority, in a form and manner prescribed by the authority, if the ordinance concerns a medical marijuana dispensary registered under ORS 475B.450 or a marijuana processing site registered under ORS 475B.435; or

(b) To the [*Oregon Liquor Control*] commission, in a form and manner prescribed by the commission, if the ordinance concerns a premises for which a license has been issued under ORS [475B.070, 475B.090, 475B.100 or 475B.110] **475B.010 to 475B.395.**

DATABASE

SECTION 30. Section 31 of this 2017 Act is added to and made a part of ORS 475B.400 to 475B.525.

SECTION 31. (1) Except as provided in subsection (5) of this section, the Oregon Health Authority shall establish, maintain and operate an electronic system for the keeping of information received by the authority under ORS 475B.415 and 475B.420 or information included on a registry identification card issued under ORS 475B.415 or on a marijuana grow site registration card issued under ORS 475B.420.

(2) The authority may contract with a state agency or private entity to ensure the effective establishment, maintenance or operation of the electronic system.

(3) Except as provided in subsection (4) of this section, information kept in the electronic system is confidential and not subject to public disclosure under ORS 192.410 to 192.505. Except as provided in subsection (4) of this section, the authority may not disclose the information for any reason.

(4) Except as provided in subsection (5) of this section, the authority shall establish the electronic system in a manner that allows the Oregon Liquor Control Commission and the Department of Revenue to remotely access the electronic system. Information disclosed to the commission and the department under this subsection remains confidential and not subject to public disclosure under ORS 192.410 to 192.505. The commission and the department may not disclose the information for any reason.

(5) The authority is not required to keep in the database, and the commission and the department may not access, the following types of information:

(a) Information related to the debilitating condition of a registry identification cardholder; or

(b) The contact information or address of a registry identification cardholder or a designated primary caregiver, unless the contact information or address are the same as the contact information or address of a marijuana grow site.

(6) The electronic system must be immediately accessible by the commission and the department at all times.

LABELING

SECTION 32. (1) On the operative date specified in section 99 of this 2017 Act, the duty of the Oregon Health Authority to adopt rules under ORS 475B.605 (1), and the power of the authority to impose civil penalties under ORS 475B.655, are imposed upon, transferred to and vested in the Oregon Liquor Control Commission.

(2) Notwithstanding the transfer under subsection (1) of this section of the duty to adopt rules, the rules of the authority that are in effect on the operative date specified in section 99 of this 2017 Act continue in effect until superseded or repealed by rules of the commission. References in the rules of the authority to the authority or an officer or employee of the authority are considered to be references to the commission or an officer or employee of the commission.

(3) Notwithstanding the transfer under subsection (1) of this section of the power to impose civil penalties, the proceedings of the authority that are pending on the operative date specified in section 99 of this 2017 Act are not affected by the transfer, except that the commission is substituted for the authority in the proceedings and moneys collected by the commission under the proceedings must be deposited in the Marijuana Control and Regulation Fund established under ORS 475B.240.

SECTION 33. ORS 475B.605 is amended to read:

475B.605. (1) As is necessary to protect the public health and safety, and in consultation with the [*Oregon Liquor Control Commission*] **Oregon Health Authority** and the State Department of Agriculture, the [*Oregon Health Authority*] **Oregon Liquor Control Commission** shall adopt rules establishing standards for the labeling of marijuana items, including but not limited to:

(a) Ensuring that usable marijuana, cannabinoid concentrates and extracts, cannabinoid edibles and other cannabinoid products have labeling that communicates:

(A) Health and safety warnings;

(B) **If applicable**, activation time;

[(C) *Results of tests conducted pursuant to ORS 475B.550 to 475B.590;*]

[(D)] (C) Potency;

[(E)] (D) For cannabinoid products and cannabinoid concentrates and extracts, serving size and the number of servings included in a cannabinoid product or cannabinoid concentrate or extract package; and

[(F)] (E) Content of the marijuana item; and

(b) Labeling that is in accordance with applicable state food labeling requirements for the same type of food product or potable liquid when the food product or potable liquid does not contain marijuana or cannabinoids.

(2) In adopting rules under ORS 475B.400 to 475B.525, the authority shall require all usable marijuana, cannabinoid products and cannabinoid concentrates and extracts transferred by a medical marijuana dispensary registered under ORS 475B.450 to be labeled in accordance with subsection (1) of this section and rules adopted under subsection (1) of this section.

(3) In adopting rules under ORS 475B.010 to 475B.395, the commission shall require all usable marijuana, cannabinoid products and cannabinoid concentrates and extracts sold or transferred by a marijuana retailer that holds a license **issued** under ORS 475B.110 to be labeled in accordance with subsection (1) of this section and rules adopted under subsection (1) of this section.

(4) In adopting rules under subsection (1) of this section, the [*authority:*] **commission:**

(a) May establish different labeling standards for different varieties of usable marijuana and for different types of cannabinoid products and cannabinoid concentrates and extracts;

(b) May establish different minimum labeling standards for persons registered under ORS 475B.400 to 475B.525 and persons licensed under ORS 475B.010 to 475B.395;

(c) Shall consider the cost of a potential requirement and how that cost will affect the cost to the ultimate consumer of the marijuana item; and

(d) May not adopt rules that are more restrictive than is reasonably necessary to protect the public health and safety.

SECTION 34. ORS 475B.655 is amended to read:

475B.655. (1) In addition to any other liability or penalty provided by law, the [Oregon Health Authority] **Oregon Liquor Control Commission** may impose for each violation of a provision of ORS 475B.600 to 475B.655, or a rule adopted under a provision of ORS 475B.600 to 475B.655, a civil penalty that does not exceed \$500 for each day that the violation occurs.

(2) The [authority] **commission** shall impose civil penalties under this section in the manner provided by ORS 183.745.

(3) Moneys collected under this section shall be deposited in the [Oregon Health Authority Fund established under ORS 413.101] **Marijuana Control and Regulation Fund established under ORS 475B.240** and are continuously appropriated to the [authority] **commission** for the purpose of carrying out the duties, functions and powers of the authority under ORS 475B.600 to 475B.655.

PLANT LIMITS

SECTION 35. Section 36 of this 2017 Act is added to and made a part of ORS 475B.400 to 475B.525.

SECTION 36. The number of mature marijuana plants that a registry identification cardholder and the designated primary caregiver of the registry identification cardholder may jointly possess under ORS 475B.428, and the amount of usable marijuana that a registry identification cardholder and the designated primary caregiver of the registry identification cardholder may jointly possess under ORS 475B.430, is in addition to, and not in lieu of, the number of marijuana plants and the amount of usable marijuana that may be possessed at a household as described in ORS 475B.245.

SECTION 37. ORS 475B.428, as amended by section 23, chapter 24, Oregon Laws 2016, is amended to read:

475B.428. [(1)] (1)(a) [Subject to subsection (2) of this section,] 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) 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) Six or fewer mature marijuana plants; and

(B) Twelve or fewer immature 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** 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** 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 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** 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 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** 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** 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** 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 [mature] marijuana plants for any number of registry identification cardholders who designate the persons to produce marijuana.

(8) If a law enforcement officer determines that [*a registry identification cardholder, the designated primary caregiver of a registry identification cardholder, or a person responsible for a marijuana grow site under ORS 475B.420 who grows marijuana for a registry identification cardholder, possesses*] **there is** a number of [mature] 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 [mature] marijuana plants.

SECTION 38. Section 33, chapter 24, Oregon Laws 2016, is amended to read:

Sec. 33. (1) As used in this section, “designated primary caregiver,” “immature marijuana plant,” “marijuana,” “medical cannabinoid product” and “registry identification cardholder” have the meanings given those terms in ORS 475B.410.

(2) A city or county may not adopt an ordinance, by referral or otherwise, that prohibits or otherwise limits:

(a) The privileges described in ORS 475B.245; or

(b) The right of a registry identification cardholder and the designated primary caregiver of a registry identification cardholder to:

(A) Possess the seeds of marijuana, immature marijuana plants or medical cannabinoid products as described in ORS 475B.400 to 475B.525;

(B) Jointly possess up to six mature marijuana plants **and up to 12 immature marijuana plants** under ORS 475B.428 (1); or

(C) Jointly possess up to 24 ounces of usable marijuana under ORS 475B.430 (1).

TRACKING

SECTION 39. Sections 40 and 41 of this 2017 Act are added to and made a part of ORS 475B.400 to 475B.525.

SECTION 40. (1) The Oregon Health Authority shall enter into an agreement with the Oregon Liquor Control Commission under which the commission shall use the system developed and maintained under ORS 475B.150 to track:

(a) The propagation of immature marijuana plants and the production of marijuana by marijuana grow sites;

(b) The processing of marijuana into medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts that are transferred to a medical marijuana dispensary;

(c) The transfer of usable marijuana, immature marijuana plants, medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts by a marijuana grow site or a medical marijuana dispensary to a registry identification cardholder or the designated primary caregiver of a registry identification cardholder; and

(d) The transfer of usable marijuana, immature marijuana plants, medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts between marijuana grow sites, marijuana processing sites and medical marijuana dispensaries.

(2) Marijuana grow sites, marijuana processing sites, medical marijuana dispensaries and any other person that processes marijuana into medical cannabinoid products and cannabinoid concentrates for the purpose of transferring the medical cannabinoid products and cannabinoid concentrates to a medical marijuana dispensary are subject to tracking under this section.

(3) On and after the date on which a marijuana grow site becomes subject to tracking under this section, the person is exempt from the requirements of ORS 475B.423 and the provisions of ORS 475B.420 that relate to ORS 475B.423.

(4) On and after the date on which a marijuana processing site becomes subject to tracking under this section, the marijuana processing site is exempt from the requirements of ORS 475B.438 and the provisions of ORS 475B.435 that relate to ORS 475B.438.

(5) On and after the date on which a medical marijuana dispensary becomes subject to tracking under this section, the medical marijuana dispensary is exempt from the requirements of ORS 475B.453 and the provisions of ORS 475B.450 that relate to ORS 475B.453.

(6) The commission may conduct inspections and investigations of alleged violations of ORS 475B.400 to 475B.525 about which the commission obtains knowledge as a result of performing the commission's duties under this section. Notwithstanding section 6 of this 2017 Act, the commission may use regulatory specialists, as defined in ORS 471.001, to conduct the inspections and investigations, including inspections and investigations of marijuana grow sites located at a primary residence.

(7) Notwithstanding section 44, chapter 1, Oregon Laws 2015, before making any other distribution from the Oregon Marijuana Account established under section 44, chapter 1, Oregon Laws 2015, the Department of Revenue shall first distribute moneys quarterly from the account to the commission for deposit in the Marijuana Control and Regulation Fund established under ORS 475B.240 for purposes of paying administrative, inspection and investigatory costs incurred by the commission under this section, provided that the amount

of distributed moneys does not exceed \$1.25 million per quarter. For purposes of estimating the amount of moneys necessary to pay costs incurred under this section, the commission shall establish a formulary based on expected costs for each marijuana grow site, marijuana processing site or medical marijuana dispensary that is tracked under this section. The commission shall provide to the Department of Revenue and the Legislative Fiscal Officer before each quarter the estimated amount of moneys necessary to pay costs expected to be incurred under this section and the formulary.

(8) When imposing a fee on a person responsible for a marijuana grow site, marijuana processing site or medical marijuana dispensary under ORS 475B.420, 475B.435 or 475B.450, the authority shall impose an additional fee that is reasonably calculated to pay costs incurred under this section other than costs paid pursuant to subsection (7) of this section. As part of the agreement entered into under subsection (1) of this section, the authority shall transfer fee moneys collected pursuant to this subsection to the commission for deposit in the Marijuana Control and Regulation Fund established under ORS 475B.240. Moneys collected pursuant to this subsection and deposited in the Marijuana Control and Regulation Fund are continuously appropriated to the commission for purposes of this section.

(9) The authority and the commission may adopt rules as necessary to administer this section.

(10) This section does not apply to a marijuana grow site located at an address where a registry identification cardholder produces marijuana and no more than 12 mature marijuana plants and 24 immature marijuana plants are produced at the address.

SECTION 41. (1) For purposes of subjecting marijuana grow sites, marijuana processing sites and medical marijuana dispensaries to tracking under section 40 of this 2017 Act:

(a) On or before September 1, 2017, the Oregon Health Authority shall notify marijuana grow sites, marijuana processing sites and medical marijuana dispensaries of the requirements of this section and section 40 of this 2017 Act;

(b) On or before December 1, 2017, each marijuana grow site, marijuana processing site and medical marijuana dispensary located in this state shall notify the authority in a form and manner prescribed by the authority as to whether the marijuana grow site, marijuana processing site or medical marijuana dispensary is electing to remain registered under ORS 475B.400 to 475B.525 and be subject to tracking or is electing to apply for licensure under ORS 475B.010 to 475B.395;

(c) If the marijuana grow site, marijuana processing site or medical marijuana dispensary elects to apply for licensure under ORS 475B.010 to 475B.395, the marijuana grow site, marijuana processing site or medical marijuana dispensary must have filed an application with the Oregon Liquor Control Commission under ORS 475B.040 on or before January 1, 2018; and

(d) If the marijuana grow site, marijuana processing site or medical marijuana dispensary elects to remain registered under ORS 475B.400 to 475B.525 and be subject to tracking, the marijuana grow site, marijuana processing site or medical marijuana dispensary is subject to tracking beginning on or before July 1, 2018.

(2) If a marijuana grow site, marijuana processing site or medical marijuana dispensary does not make an election as required by subsection (1) of this section on or before January 1, 2018, the authority may not renew the registration of the marijuana grow site, marijuana processing site or medical marijuana dispensary.

(3) If a marijuana grow site, marijuana processing site or medical marijuana dispensary is not in compliance with subsection (1)(d) of this section on or before July 1, 2018, the authority may not renew the registration of the marijuana grow site, marijuana processing site or medical marijuana dispensary unless the marijuana grow site, marijuana processing site or medical marijuana dispensary has an application on file with the commission under ORS 475B.040 and the commission has not proposed to deny the application.

(4) The authority and the commission shall share information as necessary to implement this section.

SECTION 42. \$1.8 million shall be transferred from the Oregon Marijuana Account under section 44, chapter 1, Oregon Laws 2015, to the Marijuana Control and Regulation Fund established under ORS 475B.240 for the purposes described in sections 40 and 41 of this 2017 Act.

SECTION 43. ORS 475B.240 is amended to read:

475B.240. The Marijuana Control and Regulation Fund is established in the State Treasury, separate and distinct from the General Fund. Interest earned by the Marijuana Control and Regulation Fund shall be credited to the fund. Moneys in the fund are continuously appropriated to the Oregon Liquor Control Commission to administer and enforce ORS 475B.010 to 475B.395[.], **475B.550 to 475B.590 and 475B.600 to 475B.655 and section 40 of this 2017 Act.**

TESTING BY STATE DEPARTMENT OF AGRICULTURE

SECTION 44. Section 45 of this 2017 Act is added to and made a part of ORS 475B.010 to 475B.395.

SECTION 45. The State Department of Agriculture may possess, test and dispose of marijuana items.

TECHNICAL AMENDMENTS

SECTION 46. ORS 475B.015, as amended by section 63, chapter 24, Oregon Laws 2016, and section 11, chapter 83, Oregon Laws 2016, is amended to read:

475B.015. As used in ORS 475B.010 to 475B.395:

(1) "Cannabinoid" means any of the chemical compounds that are the active constituents of marijuana.

(2) "Cannabinoid concentrate" means a substance obtained by separating cannabinoids from marijuana by:

(a) A mechanical extraction process;

(b) A chemical extraction process using a nonhydrocarbon-based [*or other*] solvent, such as water, vegetable glycerin, vegetable oils, animal fats, isopropyl alcohol or ethanol;

(c) A chemical extraction process using [*the hydrocarbon-based solvent*] carbon dioxide, provided that the process does not involve the use of high heat or pressure; or

(d) Any other process identified by the Oregon Liquor Control Commission, in consultation with the Oregon Health Authority, by rule.

(3) "Cannabinoid edible" means food or potable liquid into which a cannabinoid concentrate, cannabinoid extract or dried marijuana leaves or flowers have been incorporated.

(4) "Cannabinoid extract" means a substance obtained by separating cannabinoids from marijuana by:

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

(b) A chemical extraction process using [*the hydrocarbon-based solvent*] carbon dioxide, if the process uses high heat or pressure; or

(c) Any other process identified by the commission, in consultation with the authority, by rule.

(5)(a) "Cannabinoid product" means a cannabinoid edible and any other product intended for human consumption or use, including a product intended to be applied to the skin or hair, that contains cannabinoids or dried marijuana leaves or flowers.

(b) "Cannabinoid product" does not include:

(A) Usable marijuana by itself;

(B) A cannabinoid concentrate by itself;

(C) A cannabinoid extract by itself; or

(D) Industrial hemp, as defined in ORS 571.300.

(6) “Consumer” means a person who purchases, acquires, owns, holds or uses marijuana items other than for the purpose of resale.

(7) “Designated primary caregiver” has the meaning given that term in ORS 475B.410.

[(7)(a)] **(8)(a)** “Financial consideration” means value that is given or received either directly or indirectly through sales, barter, trade, fees, charges, dues, contributions or donations.

(b) “Financial consideration” does not include marijuana, cannabinoid products or cannabinoid concentrates that are delivered within the scope of and in compliance with ORS 475B.245.

[(8)] **(9)** “Homegrown” means grown by a person 21 years of age or older for noncommercial purposes.

[(9)] **(10)** “Household” means a housing unit and any place in or around a housing unit at which the occupants of the housing unit are producing, processing, possessing or storing homegrown marijuana, cannabinoid products, cannabinoid concentrates or cannabinoid extracts.

[(10)] **(11)** “Housing unit” means a house, an apartment or a mobile home, or a group of rooms or a single room that is occupied as separate living quarters, in which the occupants live and eat separately from any other persons in the building and that has direct access from the outside of the building or through a common hall.

[(11)] **(12)** “Immature marijuana plant” means a marijuana plant that is not flowering.

[(12)] **(13)** “Licensee” means a person [who] **that** holds a license issued under ORS 475B.070, 475B.090, 475B.100 or 475B.110.

[(13)] **(14)** “Licensee representative” means an owner, director, officer, manager, employee, agent or other representative of a licensee, to the extent that the person acts in a representative capacity.

[(14)(a)] **(15)(a)** “Marijuana” means the plant Cannabis family Cannabaceae, any part of the plant Cannabis family Cannabaceae and [*the seeds of the plant Cannabis family Cannabaceae*] **marijuana seeds.**

(b) “Marijuana” does not include industrial hemp, as defined in ORS 571.300.

[(15)] **(16)** “Marijuana flowers” means the flowers of the plant genus Cannabis within the plant family Cannabaceae.

[(16)] **(17)** “Marijuana items” means marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts.

[(17)] **(18)** “Marijuana leaves” means the leaves of the plant genus Cannabis within the plant family Cannabaceae.

[(18)] **(19)** “Marijuana processor” means a person [who] **that** processes marijuana items in this state.

[(19)] **(20)** “Marijuana producer” means a person [who] **that** produces marijuana in this state.

[(20)] **(21)** “Marijuana retailer” means a person [who] **that** sells marijuana items to a consumer in this state.

(22)(a) “Marijuana seeds” means the seeds of the plant Cannabis family Cannabaceae.

(b) “Marijuana seeds” does not include the seeds of industrial hemp, as defined in ORS 571.300.

[(21)] **(23)** “Marijuana wholesaler” means a person [who] **that** purchases marijuana items in this state for resale to a person other than a consumer.

[(22)] **(24)** “Mature marijuana plant” means a marijuana plant that is not an immature marijuana plant.

[(23)] **(25)** “Medical grade cannabinoid product, cannabinoid concentrate or cannabinoid extract” means a cannabinoid product, cannabinoid concentrate or cannabinoid extract that has a concentration of tetrahydrocannabinol that is permitted under ORS 475B.625 in a single serving of the cannabinoid product, cannabinoid concentrate or cannabinoid extract for consumers who hold a valid registry identification card issued under ORS 475B.415.

[(24)] **(26)** “Medical purpose” means a purpose related to using usable marijuana, cannabinoid products, cannabinoid concentrates or cannabinoid extracts to mitigate the symptoms or effects of a debilitating medical condition, as defined in ORS 475B.410.

[25] (27) “Noncommercial” means not dependent or conditioned upon the provision or receipt of financial consideration.

[26)(a)] (28)(a) “Premises” [or “*licensed premises*”] includes the following areas of a location licensed under ORS [475B.070, 475B.090, 475B.100 or 475B.110] **475B.010 to 475B.395:**

(A) All public and private enclosed areas at the location that are used in the business operated at the location, including offices, kitchens, rest rooms and storerooms;

(B) All areas outside a building that the commission has specifically licensed for the processing, wholesale sale or retail sale of marijuana items; and

(C) For a location that the commission has specifically licensed for the production of marijuana outside a building, that portion of the location used to produce marijuana.

(b) “Premises” [or “*licensed premises*”] does not include a primary residence.

[27)(a)] (29)(a) “Processes” means the processing, compounding or conversion of marijuana into cannabinoid products, cannabinoid concentrates or cannabinoid extracts.

(b) “Processes” does not include packaging or labeling.

[28)(a)] (30)(a) “Produces” means the manufacture, planting, cultivation, growing or harvesting of marijuana.

(b) “Produces” does not include:

(A) The drying of marijuana by a marijuana processor, if the marijuana processor is not otherwise producing marijuana; or

(B) The cultivation and growing of an immature marijuana plant by a marijuana processor, marijuana wholesaler or marijuana retailer if the marijuana processor, marijuana wholesaler or marijuana retailer purchased or otherwise received the plant from a licensed marijuana producer.

[29] (31) “Propagate” means to grow immature marijuana plants or to breed or produce [*the seeds of the plant Cannabis family Cannabaceae*] **marijuana seeds.**

[30] (32) “Public place” means a place to which the general public has access and includes, but is not limited to, hallways, lobbies and other parts of apartment houses and hotels not constituting rooms or apartments designed for actual residence, and highways, streets, schools, places of amusement, parks, playgrounds and areas used in connection with public passenger transportation.

(33) **“Registry identification cardholder” has the meaning given that term in ORS 475B.410.**

[31)(a)] (34)(a) “Usable marijuana” means the dried leaves and flowers of marijuana.

(b) “Usable marijuana” does not include:

(A) **Marijuana seeds;**

[A)] (B) The [*seeds,*] stalks and roots of marijuana; or

[B)] (C) Waste material that is a by-product of producing or processing marijuana.

SECTION 47. ORS 475B.025 is amended to read:

475B.025. (1) The Oregon Liquor Control Commission has the [*powers and*] duties, **functions and powers** specified in ORS 475B.010 to 475B.395 and the powers necessary or proper to enable the commission to carry out the commission’s duties, functions and powers under ORS 475B.010 to 475B.395. The jurisdiction, supervision, duties, functions and powers of the commission extend to any person [*who buys, sells,*] **that** produces, processes, transports [*or delivers any marijuana items within*], **delivers, sells or purchases a marijuana item in** this state. The commission may sue and be sued.

(2) The duties, functions and powers of the commission **specified** in ORS 475B.010 to 475B.395 include the following:

(a) To regulate the [*purchase, sale,*] production, processing, transportation [*and*], delivery, **sale and purchase** of marijuana items in accordance with the provisions of ORS 475B.010 to 475B.395.

(b) To [*grant, refuse, suspend or cancel*] **issue, renew, suspend, revoke or refuse to issue or renew** licenses for the [*sale, processing or*] production, **processing or sale** of marijuana items, or other licenses [*in regard to*] **related to the consumption of** marijuana items, and to permit, in the commission’s discretion, the transfer of a license between persons.

[(c) To investigate and aid in the prosecution of every violation of the statutory laws of this state relating to marijuana items and to cooperate in the prosecution of offenders before any state court of competent jurisdiction.]

[(d)] (c) To adopt, amend or repeal rules as necessary to carry out the intent and provisions of ORS 475B.010 to 475B.395, including rules that the commission considers necessary to protect the public health and safety.

[(e)] (d) To exercise all powers incidental, convenient or necessary to enable the commission to administer or carry out the provisions of ORS 475B.010 to 475B.395 or any other law of this state that charges the commission with a duty, function or power related to marijuana. Powers described in this paragraph include, but are not limited to:

- (A) Issuing subpoenas;
- (B) Compelling the attendance of witnesses;
- (C) Administering oaths;
- (D) Certifying official acts;
- (E) Taking depositions as provided by law;

(F) Compelling the production of books, payrolls, accounts, papers, records, documents and testimony; and

(G) Establishing fees in addition to the application, licensing and renewal fees described in ORS 475B.070, 475B.090, 475B.100 and 475B.110, provided that any fee established by the commission is reasonably calculated not to exceed the cost of the activity for which the fee is charged.

[(f)] (e) To adopt rules regulating and prohibiting [*marijuana producers, marijuana processors, marijuana wholesalers and marijuana retailers from*] advertising marijuana items in a manner:

- (A) That is appealing to minors;
- (B) That promotes excessive use;
- (C) That promotes illegal activity; or
- (D) That otherwise presents a significant risk to public health and safety.

[(g)] (f) To regulate the use of marijuana items for [*scientific, pharmaceutical, manufacturing, mechanical, industrial and*] other purposes **as deemed necessary or appropriate by the commission.**

(3) Fees collected pursuant to subsection [(2)(e)(G)] **(2)(d)(G)** of this section shall be deposited in the Marijuana Control and Regulation Fund established under ORS 475B.240.

SECTION 48. ORS 475B.033 is amended to read:

475B.033. The Oregon Liquor Control Commission may, by **rule or order**, provide for the manner and conditions under which:

(1) Marijuana items left by a deceased, insolvent or bankrupt person or licensee, or subject to a security interest, may be foreclosed, sold under execution or otherwise disposed.

(2) The business of a deceased, insolvent or bankrupt licensee may be operated for a reasonable period following the death, insolvency or bankruptcy.

(3) A secured party, as defined in ORS 79.0102, may continue to operate **at** a [*business*] **premises** for which a license has been issued under ORS [*475B.070, 475B.090, 475B.100 or 475B.110*] **475B.010 to 475B.395** for a reasonable period after default on the indebtedness by the debtor.

SECTION 49. ORS 475B.035 is amended to read:

475B.035. The Oregon Liquor Control Commission may limit the quantity of marijuana items [*purchased at any one time by a consumer so as effectually to*] **transferred to a consumer or other individual if the commission determines that the limitation is necessary** to prevent the resale of marijuana items.

SECTION 50. ORS 475B.040 is amended to read:

475B.040. (1) An applicant for a license or renewal of a license **issued** under ORS 475B.010 to 475B.395 shall apply to the Oregon Liquor Control Commission in the form required by the commission **by rule**, showing the name and address of the applicant, location of the [*place of business*] **premises** that is to be operated under the license and other pertinent information required by the commission. The commission may not [*grant*] **issue** or renew a license until the applicant has com-

plied with the provisions of ORS 475B.010 to 475B.395 and *[the rules of the commission]* **rules adopted under ORS 475B.010 to 475B.395.**

(2) The commission may reject any application that is not submitted in the form required by the **commission** by rule. The commission shall give applicants an opportunity to be heard if an application is rejected. A hearing under this subsection is not subject to the requirements for contested case proceedings under ORS chapter 183.

(3) Except as provided in subsection (2) of this section, a revocation of, or a refusal to issue or renew, a license **issued** under ORS 475B.010 to 475B.395 is subject to the requirements for contested case proceedings under ORS chapter 183.

SECTION 51. 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 license 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 license 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 52. ORS 475B.055 is amended to read:

475B.055. A license *[granted]* **issued** under ORS 475B.010 to 475B.395:

(1) Is a *[purely]* personal privilege.

[(2) Is valid for the period stated in the license.]

[(3)] (2) Is renewable in the manner provided in ORS 475B.040, except for a cause that would be grounds for refusal to issue the license under ORS 475B.045.

[(4)] (3) Is revocable or suspendible as provided in ORS 475B.210.

[5] (4) Is transferable from the premises for which the license was originally issued to another premises subject to the provisions of ORS 475B.010 to 475B.395, applicable rules [of the Oregon Liquor Control Commission] **adopted under ORS 475B.010 to 475B.395** and applicable local ordinances.

[6] (5) **If the license was issued to an individual**, expires upon the death of the licensee, except as provided in ORS 475B.033.

[7] (6) Does not constitute property.

[8] (7) Is not alienable.

[9] (8) Is not subject to attachment or execution.

[10] (9) Does not descend by the laws of testate or intestate devolution.

SECTION 53. ORS 475B.060 is amended to read:

475B.060. (1) The Oregon Liquor Control Commission shall approve or deny an application to [produce, process and sell marijuana under ORS 475B.070, 475B.090, 475B.100 and 475B.110] **be licensed under ORS 475B.010 to 475B.395**. Upon receiving an application **under ORS 475B.040**, the commission may not unreasonably delay processing, approving or denying the application or, if the application is approved, issuing the license.

(2) The licenses described in ORS [475B.070, 475B.090, 475B.100 and 475B.110] **475B.010 to 475B.395** must be issued by the commission, subject to the provisions of ORS 475B.010 to 475B.395 and [the] rules adopted under ORS 475B.010 to 475B.395.

(3) The commission may not license a premises that does not have defined boundaries. A [licensed] premises does not need to be enclosed by a wall, fence or other structure, but the commission may require [that] a [licensed] premises **to** be enclosed as a condition of issuing or renewing a license. The commission may not license **a** mobile premises.

SECTION 54. ORS 475B.065 is amended to read:

475B.065. Licensees and licensee representatives may produce, deliver and possess marijuana items subject to the provisions of ORS 475B.010 to 475B.395 **and rules adopted under ORS 475B.010 to 475B.395**. The production, delivery [and] **or** possession of marijuana items by a licensee or a licensee representative in compliance with ORS 475B.010 to 475B.395 **and rules adopted under ORS 475B.010 to 475B.395** does not constitute a criminal or civil offense under the laws of this state.

SECTION 55. ORS 475B.068 is amended to read:

475B.068. [The same person may hold one or more production licenses, one or more processor licenses, one or more wholesale licenses and one or more retail licenses.] **A person may hold:**

(1) **Multiple licenses to conduct at different premises the same activity for which a license is required under ORS 475B.010 to 475B.395; and**

(2) **Multiple types of licenses to conduct at the same or different premises different activities for which a license is required under ORS 475B.010 to 475B.395.**

SECTION 56. ORS 475B.070, as amended by section 1, chapter 24, Oregon Laws 2016, and section 7, chapter 83, Oregon Laws 2016, is amended to read:

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

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

(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; and

(c) 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 producer to annually renew a license issued under this section;

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

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

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

(e) Allow a marijuana producer registered under section 2, chapter 83, Oregon Laws 2016, to produce marijuana for medical purposes in the same manner that rules adopted under ORS 475B.010 to 475B.395 allow a marijuana producer to produce marijuana for nonmedical purposes, excepting those circumstances where differentiating between the production of marijuana for medical purposes and the production of marijuana for nonmedical purposes is necessary to protect the public health and safety;

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

(g)[(A)] Require a marijuana producer to meet any public health and safety standards and industry best practices established by the commission by rule related to[.] **the production of marijuana or the propagation of immature marijuana plants and marijuana seeds.**

[(i) The production of marijuana; or]

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

[(B) For purposes of establishing rules under subparagraph (A)(ii) of this paragraph, the commission may not limit:]

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

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

[(iii) The weight or size of shipments of immature marijuana plants made by a marijuana producer licensed under this section.]

(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;

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

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

SECTION 57. ORS 475B.075, as amended by section 10, chapter 24, Oregon Laws 2016, is amended to read:

475B.075. (1) Subject to subsection [(2)] (3) of this section, the Oregon Liquor Control Commission shall adopt rules restricting the size of *[mature]* marijuana plant grow canopies at premises for which a license has been issued under ORS 475B.070. In adopting rules under this subsection, the commission shall:

(a) Limit the size of *[mature]* marijuana plant grow canopies, for premises where marijuana is grown outdoors and for premises where marijuana is grown indoors, in a manner calculated to result in premises that produce the same amount of harvested marijuana leaves and harvested marijuana flowers regardless of whether the marijuana is grown outdoors or indoors.

(b) Adopt a tiered system under which the permitted size of a marijuana producer's *[mature]* marijuana plant grow canopy increases at the time of licensure renewal under ORS 475B.070, except that the permitted size of a marijuana producer's *[mature]* marijuana plant grow canopy may not increase following any year during which the commission disciplined the marijuana producer for violating a provision of ORS 475B.010 to 475B.395 or a rule adopted under *[a provision of]* ORS 475B.010 to 475B.395.

(c) Take into consideration the market demand for marijuana items in this state, the number of [persons] **marijuana producers** applying for a license under ORS 475B.070, [and to whom a license has been issued] **the number of marijuana producers that hold a license issued** under ORS 475B.070[,] and whether the availability of marijuana items in this state is commensurate with the market demand.

[*(2) This section:*]

[*(a) Applies only to that portion of a premises for which a license has been issued under ORS 475B.070 that is used to produce mature marijuana plants; and*]

[*(b) Does not apply to a premises for which a license has been issued under ORS 475B.070 if the premises is used only to propagate immature marijuana plants.*]

(2) For purposes of this section, the commission may adopt different rules for mature marijuana plant grow canopies and immature marijuana plant grow canopies.

(3) This section applies only to that portion of a premises for which a license has been issued under ORS 475B.070 that is used to produce marijuana plants.

SECTION 58. ORS 475B.125 is amended to read:

475B.125. The Oregon Liquor Control Commission may adopt rules establishing the circumstances under which the commission may require a marijuana retailer that holds a license issued under ORS 475B.110 to use an age verification scanner or any other equipment used to verify a person's age for the purpose of ensuring that the marijuana retailer does not sell marijuana items to a person under 21 years of age. [*The marijuana retailer may not retain any*] Information obtained under this section **may not be retained** after verifying a person's age. [*The marijuana retailer may not use any information obtained under this section*] **and may not be used** for any purpose other than verifying a person's age.

SECTION 59. ORS 475B.130 is amended to read:

475B.130. (1) The Oregon Liquor Control Commission [*has the right after 72 hours' notice to the owner or the agent of the owner to*] **may, after 72 hours' notice,** make an examination of the books [*and*] **of a licensee for the purpose of determining compliance with ORS 475B.010 to 475B.395 and rules adopted under ORS 475B.010 to 475B.395.**

(2) The commission may at any time make an examination of [*the*] **a premises [of any person licensed] for which a license has been issued** under ORS 475B.010 to 475B.395 for the purpose of determining compliance with ORS 475B.010 to 475B.395 and [*the rules of the commission*] **rules adopted under ORS 475B.010 to 475B.395.**

[*(2)*] **(3)** The commission may not require the books of a licensee to be maintained on [*the*] **a premises of the licensee.**

[*(3)*] **(4)** This section does not authorize the commission to make an examination of [*the*] **a premises of a person registered under ORS 475B.400 to 475B.525.**

SECTION 60. ORS 475B.135 is amended to read:

475B.135. As is necessary to protect the public health and safety, the Oregon Liquor Control Commission may require a premises licensed under ORS [*475B.070, 475B.090, 475B.100 or 475B.110*] **475B.010 to 475B.395** to be segregated into separate areas:

(1) For conducting the activities permitted under each license, if the licensee holds more than one license issued under ORS [*475B.070, 475B.090, 475B.100 or 475B.110*] **475B.010 to 475B.395 for the same premises;** or

(2) For conducting activities related to processing marijuana into different types of cannabinoid products, cannabinoid concentrates or cannabinoid extracts, if the licensee is a marijuana processor **that holds a license issued under ORS 475B.090 and** that processes marijuana into any combination of different types of products, concentrates and extracts.

SECTION 61. ORS 475B.140 is amended to read:

475B.140. As is necessary to protect the public health and safety, the Oregon Liquor Control Commission may require a [*person that holds a license under ORS 475B.070, 475B.090, 475B.100 or 475B.110*] **licensee** to maintain general liability insurance in an amount that the commission determines is reasonably affordable and available for the purpose of protecting the [*person*] **licensee**

against damages resulting from a cause of action related to activities undertaken pursuant to the license **held by the licensee**.

SECTION 62. ORS 475B.150, as amended by section 64, chapter 24, Oregon Laws 2016, is amended to read:

475B.150. (1) The Oregon Liquor Control Commission shall develop and maintain a system for tracking the transfer of marijuana items between premises **for which licenses have been issued under ORS 475B.010 to 475B.395**.

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

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

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

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

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

(e) Ensuring compliance with *[the provisions of]* ORS 475B.010 to 475B.395, rules adopted under *[the provisions of]* ORS 475B.010 to 475B.395 and any other law of this state that charges the commission with a duty, function or power related to marijuana.

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

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

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

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

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

(e) The **sale and purchase** *[and sale]* of marijuana items between licensees, as permitted by ORS 475B.010 to 475B.395;

(f) The transfer of marijuana items between premises **for which licenses have been issued under ORS 475B.010 to 475B.395**; and

(g) Any other information that the commission determines is reasonably necessary to accomplish the duties, functions and powers of the commission under ORS 475B.010 to 475B.395.

SECTION 63. ORS 475B.160, as amended by section 23, chapter 23, Oregon Laws 2016, section 65, chapter 24, Oregon Laws 2016, and section 12, chapter 83, Oregon Laws 2016, is amended to read:

475B.160. (1) Except as provided in section 22, chapter 23, Oregon Laws 2016, and section 2, chapter 83, Oregon Laws 2016, a marijuana producer **that holds a license issued under ORS 475B.070**, marijuana processor **that holds a license issued under ORS 475B.090** or marijuana wholesaler **that holds a license issued under ORS 475B.100** may deliver marijuana items only to or on a premises **for which a license has been issued under ORS 475B.070, 475B.090, 475B.100 or 475B.110, or to a registry identification cardholder or designated primary caregiver as allowed under ORS 475B.010 to 475B.395**.

(2) *[A premises]* **A licensee to which marijuana items may be delivered under subsection (1) of this section** may receive marijuana items only from:

[(a) A marijuana producer, marijuana processor or marijuana wholesaler for whom a premises has been licensed by the Oregon Liquor Control Commission;]

(a) A marijuana producer that holds a license issued under ORS 475B.070, marijuana processor that holds a license issued under ORS 475B.090, marijuana wholesaler that holds a license issued under ORS 475B.100 or marijuana retailer that holds a license issued under ORS 475B.110;

(b) A researcher of cannabis *[certified]* **that holds a certificate issued under ORS 475B.235** *[who]* **and that** transfers limited amounts of marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts in accordance with procedures adopted under ORS 475B.235 (3)(d) and (e); or

(c) A marijuana grow site registered under ORS 475B.420, marijuana processing site registered under ORS 475B.435, or a medical marijuana dispensary registered under ORS 475B.450, acting in accordance with procedures adopted by the **Oregon Liquor Control** Commission under section 25, chapter 24, Oregon Laws 2016.

(3) The sale of marijuana items by a marijuana retailer that holds a license issued under ORS 475B.110 must be restricted to the premises *[described in the license]* **for which the license has been issued**, but deliveries may be made by *[the]* a marijuana retailer to consumers pursuant to a bona fide order received at the premises prior to delivery.

(4) The commission may by order waive the requirements of subsections (1) and (2) of this section to ensure compliance with ORS 475B.010 to 475B.395 or a rule adopted under ORS 475B.010 to 475B.395. An order issued under this subsection does not constitute a waiver of any other requirement of ORS 475B.010 to 475B.395 or any other rule adopted under ORS 475B.010 to 475B.395.

SECTION 64. ORS 475B.170 is amended to read:

475B.170. (1) Subject to subsection (2) of this section, a licensee or licensee representative, before selling or providing a marijuana item to another person, must require the person to produce one of the following pieces of identification:

(a) The person's passport.

(b) The person's driver license, **issued by the State of Oregon or another state of the United States** *[whether issued in this state or by any other state, as long as the license has a picture of the person]*.

(c) An identification card issued under ORS 807.400.

(d) A United States military identification card.

(e) An identification card issued by a federally recognized Indian tribe.

[(e)] **(f) Any other identification card issued by a state or territory of the United States** that bears a picture of the person, the name of the person, the person's date of birth and a physical description of the person.

(2) The Oregon Liquor Control Commission may adopt rules exempting a licensee or licensee representative from this section.

SECTION 65. ORS 475B.180 is amended to read:

475B.180. (1) A licensee may not employ *[any]* a person under 21 years of age *[in any part of any licensed premises]* **at a premises for which a license has been issued under ORS 475B.010 to 475B.395.**

(2) During *[any]* an inspection of a *[licensed]* premises **for which a license has been issued under ORS 475B.010 to 475B.395**, the Oregon Liquor Control Commission may require proof that a person performing work at the premises is 21 years of age or older. If the person does not provide the commission with acceptable proof of age upon request, the commission may require the person to immediately cease any activity and leave the premises until the commission receives acceptable proof of age. This subsection does not apply to a person temporarily at the premises to make a service, maintenance or repair call or for other purposes independent of the premises operations.

(3) If a person performing work has not provided proof of age requested by the commission under subsection (2) of this section, the commission may request that the licensee provide proof that the person is 21 years of age or older. Failure of the licensee to respond to a request made under this subsection by providing acceptable proof of age for a person is prima facie evidence that the licensee has allowed the person to perform work at the *[licensed]* premises **for which a license has been issued under ORS 475B.010 to 475B.395** in violation of the minimum age requirement.

SECTION 66. ORS 475B.315 is amended to read:

475B.315. (1) Except where other punishment is specifically provided for in ORS 475B.010 to 475B.395, violation of any provision of ORS 475B.010 to 475B.395 is a Class A misdemeanor.

(2) Subject to ORS 153.022, violation of a rule adopted under ORS 475B.025 *[(2)(d)]* **(2)(c)** is a Class C violation.

SECTION 67. ORS 475B.190 is amended to read:

475B.190. (1) A licensee may not use or allow the use of a mark or label on the container of a marijuana item that is kept for sale if the *[container]* **mark or label** does not precisely and clearly indicate the nature of the container's contents or **if the mark or label** in any way might deceive a customer *[as to]* **about** the nature, composition, quantity, age or quality of the *[marijuana item.]* **container's contents.**

(2) The Oregon Liquor Control Commission may prohibit a licensee from selling any brand of marijuana item that in the commission's judgment is deceptively **branded or** labeled *[or branded as to content]* or contains injurious or adulterated ingredients.

SECTION 68. ORS 475B.200 is amended to read:

475B.200. (1) Except for a *[licensed marijuana producer and the producer's licensee representative]* **marijuana producer that holds a license issued under ORS 475B.070 or licensee representative of a marijuana producer that holds a license issued under ORS 475B.070,** a licensee **or licensee representative** may not possess a mature marijuana plant.

(2) A licensee **or licensee representative** may not sell a mature marijuana plant.

SECTION 69. ORS 475B.205 is amended to read:

475B.205. (1) A person may not make false representations or statements to the Oregon Liquor Control Commission in order to induce or prevent action by the commission.

(2) A licensee *[of the commission]* may not maintain a noisy, lewd, disorderly or insanitary establishment or supply impure or otherwise deleterious marijuana items.

(3) A licensee *[of the commission]* may not misrepresent to a customer or to the public any marijuana items.

SECTION 70. ORS 475B.210 is amended to read:

475B.210. The Oregon Liquor Control Commission may revoke or suspend a license issued under ORS 475B.010 to 475B.395 if the commission finds or has reasonable ground to believe any of the following to be true:

(1) That the licensee:

(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.

(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 the license.

SECTION 71. ORS 475B.215, as amended by section 16, chapter 23, Oregon Laws 2016, is amended to read:

475B.215. (1) An individual who performs work for or on behalf of a *[person who holds a license under ORS 475B.070, 475B.090, 475B.100 or 475B.110]* **licensee** must have a valid permit issued by the Oregon Liquor Control Commission under ORS 475B.218 if the individual participates in:

(a) The possession, production, propagation, processing, securing or selling of marijuana items at the premises for which the license has been issued;

(b) The recording of the possession, production, propagation, processing, securing or selling of marijuana items at the premises for which the license has been issued; or

(c) The verification of any document described in ORS 475B.170.

(2) A *[person who holds a license under ORS 475B.070, 475B.090, 475B.100 or 475B.110]* **licensee** must verify that an individual has a valid permit issued under ORS 475B.218 before allowing the

individual to perform any work described in subsection (1) of this section at the premises for which the license has been issued.

SECTION 72. ORS 475B.218, as amended by section 13, chapter 24, Oregon Laws 2016, is amended to read:

475B.218. (1) The Oregon Liquor Control Commission shall issue permits to qualified applicants to perform work described in ORS 475B.215. The commission shall adopt rules establishing:

- (a) The qualifications for performing work described in ORS 475B.215;
- (b) The term of a permit issued under this section;
- (c) Procedures for applying for and renewing a permit issued under this section; and
- (d) Reasonable application, issuance and renewal fees for a permit issued under this section.

(2)(a) The commission may require an individual applying for a permit under this section to successfully complete a course, made available by or through the commission, through which the individual receives training on:

- (A) Checking identification;
- (B) Detecting intoxication;
- (C) Handling marijuana items;

(D) If applicable, producing and propagating marijuana;

(E) If applicable, processing marijuana;

[(D)] (F) The content of ORS 475B.010 to 475B.395 and rules adopted under ORS 475B.010 to 475B.395; **[and] or**

[(E)] (G) Any matter deemed necessary by the commission to protect the public health and safety.

(b) The commission or other provider of *[the]* a course may charge a reasonable fee for the course.

(c) The commission may not require an individual to successfully complete *[the]* a course more than once, except that:

(A) As part of a final order suspending a permit issued under this section, the commission may require a permit holder to successfully complete the course as a condition of lifting the suspension; and

(B) As part of a final order revoking a permit issued under this section, the commission shall require an individual to successfully complete the course prior to applying for a new permit.

(3) The commission shall conduct a criminal records check under ORS 181A.195 on an individual applying for a permit under this section.

(4) Subject to the applicable provisions of ORS chapter 183, the commission may suspend, revoke or refuse to issue or renew a permit if the individual who is applying for or who holds the permit:

(a) Is convicted of a felony or is convicted of an offense under ORS 475.856, 475.858, 475.860, 475.862 or 475B.010 to 475B.395, except that the commission may not consider a conviction for an offense under ORS 475.856, 475.858, 475.860, 475.862 or 475B.010 to 475B.395 if the date of the conviction is two or more years before the date of the application or renewal;

(b) Violates any provision of ORS 475B.010 to 475B.395 or any rule adopted under ORS 475B.010 to 475B.395; or

(c) Makes a false statement to the commission.

(5) A permit issued under this section is a personal privilege and permits work described under ORS 475B.215 only for the individual who holds the permit.

SECTION 73. ORS 475B.230 is amended to read:

475B.230. (1) An employee of a *[person licensed under ORS 475B.070, 475B.090, 475B.100 or 475B.110]* **licensee** has the right to form, join and participate in the activities of a labor organization of the employee's own choosing for the purpose of securing representation and collective bargaining for matters concerning employment relations with the *[person licensed under ORS 475B.070, 475B.090, 475B.100 or 475B.110]* **licensee**.

(2) For purposes of this section, the provisions of ORS chapters 661 to 663 apply to relations between employees of *[persons licensed under ORS 475B.070, 475B.090, 475B.100 and 475B.110]*

licensees and employers that are [*licensed under ORS 475B.070, 475B.090, 475B.100 or 475B.110*] **licensees** in the same manner that those provisions apply to other employment relations.

SECTION 74. ORS 475B.233 is amended to read:

475B.233. (1) It is an unlawful employment practice for a [*person that holds a license under ORS 475B.070, 475B.090, 475B.100 or 475B.110*] **licensee** to discharge, demote, suspend or in any manner discriminate or retaliate against an employee of the [*person*] **licensee** with regard to promotion, compensation or other terms, conditions or privileges of employment on the basis that the employee has in good faith reported information to the Oregon Liquor Control Commission that the employee believes is evidence of a violation of [*a provision of*] ORS 475B.010 to 475B.395 or a rule adopted under [*a provision of*] ORS 475B.010 to 475B.395.

(2) This section is subject to enforcement under ORS chapter 659A.

SECTION 75. ORS 475B.235, as amended by section 24, chapter 23, Oregon Laws 2016, and section 12, chapter 24, Oregon Laws 2016, is amended to read:

475B.235. (1) The Oregon Liquor Control Commission, in consultation with the Oregon Health Authority and the State Department of Agriculture, shall establish a program for the purpose of identifying and certifying private and public researchers of cannabis.

(2)(a) The authority shall assist the commission in identifying candidates for certification under this section with respect to potential medical research.

(b) The department shall assist the commission in identifying candidates for certification under this section with respect to potential agricultural research.

(3) Subject to subsection (4) of this section, the commission shall adopt by rule or order:

(a) Qualifications for certification under this section;

(b) The term of a certificate issued under this section;

(c) Processes for applying for, receiving and renewing a certificate under this section;

(d) Procedures for tracking marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts received by and disposed or otherwise made use of by a person [*certified*] **that holds a certificate issued** under this section; and

(e) Procedures for disposing or otherwise making use of marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts.

(4) In establishing qualifications under subsection (3) of this section, the commission shall consider the following:

(a) A research applicant's access to funding and the overall cost of the proposed research;

(b) The overall benefit of an applicant's proposed research to this state's cannabis industry or to public health and safety; and

(c) Legal barriers to conducting the proposed research or legal risks associated with conducting the proposed research.

(5) In adopting procedures under subsection (3)(d) and (e) of this section with respect to making use of marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts, the commission shall also adopt procedures by which a person [*certified*] **that holds a certificate issued** under this section may transfer limited amounts of marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts to another person [*certified*] **that holds a certificate issued** under this section or to a premises for which a license has been issued under ORS 475B.070, 475B.090, 475B.100 or 475B.110.

(6) In adopting procedures under subsection (3)(d) and (e) of this section with respect to making use of marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts, the commission shall also adopt procedures by which a person [*certified*] **that holds a certificate issued** under this section may give, devise or bequest usable marijuana, immature marijuana plants, **marijuana** seeds, cannabinoid products, cannabinoid concentrates and cannabinoid extracts to a medical marijuana dispensary registered with the authority under ORS 475B.450 and owned by a nonprofit corporation organized under ORS chapter 65 for purposes described in section 22, chapter 23, Oregon Laws 2016.

(7) A person [*certified*] **that holds a certificate issued** under this section:

(a) May receive marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts from a licensee or a registrant under ORS 475B.400 to 475B.525; and

(b) May not sell or otherwise transfer marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates or cannabinoid extracts to any other person, except as provided in this section and rules adopted by the commission under this section.

(8) Except as otherwise provided by the commission by rule, rules adopted [by the commission for the purpose of administering and enforcing] **under** ORS 475B.010 to 475B.395 with respect to licensees and licensee representatives apply to persons [certified] **that hold a certificate issued** under this section and persons employed by or who otherwise perform work for persons [certified] **that hold a certificate issued** under this section.

(9) A person [who is certified] **that holds a certificate issued** under this section, and an employee of or other person who performs work for a person [certified] **that holds a certificate issued** under this section, is exempt from the criminal laws of this state for possession, delivery or manufacture of marijuana, aiding and abetting another in the possession, delivery and manufacture of marijuana, or any other criminal offense in which possession, delivery or manufacture of marijuana is an element, while performing activities related to conducting research as described in this section.

SECTION 76. ORS 475B.255, as amended by section 38, chapter 24, Oregon Laws 2016, is amended to read:

475B.255. A person other than a [person] **marijuana processor** that holds a license **issued** under ORS 475B.090 may not process cannabinoid extracts into a cannabinoid product.

SECTION 77. ORS 475B.260 is amended to read:

475B.260. (1)(a) A person under 21 years of age may not attempt to purchase, purchase or acquire a marijuana item.

(b) For purposes of this subsection, purchasing a marijuana item includes accepting a marijuana item, and acquiring a marijuana item includes consuming a marijuana item, provided that the consumption of the marijuana item occurred no more than 24 hours before the determination that the person consumed the marijuana item.

(2) Except as authorized by the Oregon Liquor Control Commission by rule, or as necessary in an emergency, a person under 21 years of age may not enter or attempt to enter any portion of a [licensed] premises that is posted or otherwise identified as being prohibited to the use of persons under 21 years of age.

(3) A person who violates subsection (1) or (2) of this section commits a Class B violation.

(4) In addition to and not in lieu of any other penalty established by law, a court may require a person under 21 years of age who violates subsection (1) of this section through misrepresentation of age to perform community service, and the court may order that the person's driving privileges and right to apply for driving privileges be suspended for a period not to exceed one year. If a court has issued an order suspending driving privileges under this section, the court, upon petition of the person, may withdraw the order at any time the court deems appropriate. The court notification to the Department of Transportation under this subsection may include a recommendation that the person be granted a hardship permit under ORS 807.240 if the person is otherwise eligible for the permit.

(5) If a person cited under this section is at least 13 years of age but less than 21 years of age at the time the person is found in default under ORS 153.102 or 419C.472 for failure to appear, in addition to and not in lieu of any other penalty, the court shall issue notice under ORS 809.220 to the department for the department to suspend the person's driving privileges under ORS 809.280 (4).

(6) In addition to and not in lieu of any penalty established by law, the court may order a person to undergo assessment and treatment if the person has previously been found to have violated this section.

(7) The prohibitions of this section do not apply to a person under 21 years of age who is acting under the direction of the commission or under the direction of state or local law enforcement

agencies for the purpose of investigating possible violations of laws prohibiting sales of marijuana items to persons who are under 21 years of age.

(8) The prohibitions of this section do not apply to a person under 21 years of age who is acting under the direction of a licensee for the purpose of investigating possible violations by employees of the licensee of laws prohibiting sales of marijuana items to persons who are under 21 years of age.

(9)(a) A person under 21 years of age is not in violation of, and is immune from prosecution under, this section if:

(A) The person contacted emergency medical services or a law enforcement agency in order to obtain medical assistance for another person who was in need of medical assistance because that person consumed a marijuana item and the evidence of the violation of this section was obtained as a result of the person's having contacted emergency medical services or a law enforcement agency; or

(B) The person was in need of medical assistance because the person consumed a marijuana item and the evidence of the violation of this section was obtained as a result of the person's having sought or obtained the medical assistance.

(b) Paragraph (a) of this subsection does not exclude the use of evidence obtained as a result of a person's having sought medical assistance in proceedings for crimes or offenses other than a violation of this section.

SECTION 78. ORS 475B.290 is amended to read:

475B.290. For purposes of ORS 475B.010 to 475B.395, the provisions of ORS 183.440 apply to subpoenas issued by the Oregon Liquor Control Commission and *[any]* **to subpoenas issued by an authorized agent of the commission.**

SECTION 79. ORS 475B.295 is amended to read:

475B.295. In addition to any other liability or penalty provided by law, the Oregon Liquor Control Commission may impose for each violation of a provision of ORS 475B.010 to 475B.395 or a rule adopted under *[a provision of]* ORS 475B.010 to 475B.395 a civil penalty that does not exceed \$5,000 for each violation. The commission shall impose civil penalties under this section in the manner provided by ORS 183.745. Moneys collected under this section shall be deposited in the Marijuana Control and Regulation Fund established under ORS 475B.240.

SECTION 80. ORS 475B.298 is amended to read:

475B.298. If *[it is proved that]* the owner of a building or premises knowingly has used the building or premises **for**, or allowed the building or premises to be occupied **for**, the *[manufacture, sale or possession]* **production, processing, sale or use** of marijuana items contrary to the provisions of ORS 475B.010 to 475B.395, **475B.400 to 475B.525, 475B.550 to 475B.590 or 475B.600 to 475B.655, or contrary to the provisions of any other state law or local ordinance regulating the production, processing, sale or use of marijuana items**, the building or premises *[are]* **is** subject to a lien **for**, and may be sold to pay all fines and costs assessed against *[their occupants for.]* **the occupants of the building or premises for**, any violation of ORS 475B.010 to 475B.395, **475B.400 to 475B.525, 475B.550 to 475B.590 or 475B.600 to 475B.655, or any other state law or local ordinance regulating the production, processing, sale or use of marijuana items**. The lien must be enforced immediately by civil action in *[any]* **a court that has jurisdiction over the area in which the building or premises is located**, by the district attorney of the county in which the building or premises *[are]* **is** located.

SECTION 81. ORS 475B.300 is amended to read:

475B.300. The *[state police, sheriffs and police]* **law enforcement** officers of this state may enforce ORS 475B.010 to 475B.395 and assist the Oregon Liquor Control Commission in detecting violations of ORS 475B.010 to 475B.395 and apprehending offenders. *[An enforcing]* **A law enforcement officer** who has notice, knowledge or reasonable ground of suspicion of a violation of ORS 475B.010 to 475B.395 shall immediately notify the district attorney **who has jurisdiction over the violation** and furnish the district attorney **who has jurisdiction over the violation** with names and addresses

of any witnesses[,] **to the violation** or other information [*within the officer's knowledge, of*] **related to the violation.**

SECTION 82. ORS 475B.305 is amended to read:

475B.305. (1) When [*an*] **a law enforcement** officer arrests a person for [*violation of*] **violating** ORS 475B.010 to 475B.395, the **law enforcement** officer may take into possession all marijuana items and other property that the **arrested** person [*so arrested*] has in possession, or that is on the premises, that [*is*] apparently **is** being used in violation of ORS 475B.010 to 475B.395.

(2) If a person arrested as described in this section is convicted, and the court finds that the marijuana items and other property have been used in violation of [*the laws of this state*] **ORS 475B.010 to 475B.395:**

(a) The marijuana items must be forfeited to an appropriate state or local law enforcement agency and must be delivered by the court or **law enforcement** officer, at the direction of the court, to the law enforcement agency; and

(b) Subject to **any** other applicable law, the other property must be forfeited to the Oregon Liquor Control Commission, and must be delivered by the court or **law enforcement** officer, **at the direction of the court,** to the commission.

(3) The commission is authorized to destroy or [*make such other disposition*] **otherwise dispose** of any property [*it*] **the commission** receives under subsection (2)(b) of this section [*as it considers to be in the public interest. In any such case, all such*], **provided that if the commission elects to sell the** property, including furniture, furnishings, **and** equipment and facilities for the storing, serving or using of marijuana items [*must be confiscated and forfeited to the state, and*], the clear proceeds **of the sale** must be [*deposited with*] **credited to** the State Treasury **and deposited** in the Common School Fund.

SECTION 83. ORS 475B.310 is amended to read:

475B.310. The county courts, district attorneys and municipal authorities, immediately upon the conviction of [*any*] **a licensee** [*of the Oregon Liquor Control Commission*] of a violation of [*any provision of*] ORS 475B.010 to 475B.395, or [*the*] **of a** violation of any other law of this state or ordinance of [*any municipality*] **a city or county located** in this state[, *in which violation marijuana had any part,*] **an element of which is the possession, delivery or manufacture of a marijuana item,** shall notify the **Oregon Liquor Control** Commission of the conviction. [*The county courts, district attorneys and municipal authorities shall notify the commission of any acts, practices or other conduct of a licensee convicted as described in this section that may be subversive of the general welfare or contrary to the spirit of ORS 475B.010 to 475B.395 and shall recommend such action on the part of the commission as will remove the evil.*]

SECTION 84. ORS 475B.325 is amended to read:

475B.325. (1) The governing body of a city or a county, when a petition is filed as provided in this section, shall order an election on the question **as to** whether the operation of [*licensed*] premises **for which a license has been issued under ORS 475B.010 to 475B.395** should be prohibited in the city or county.

(2) Except as otherwise provided in this section, the requirements for preparing, circulating and filing a petition under this section:

(a) In the case of a city, must be as provided for an initiative petition under ORS 250.265 to 250.346.

(b) In the case of a county, must be as provided for an initiative petition under ORS 250.165 to 250.235.

(3) A petition under this section:

(a) Must be filed not less than 60 days before the day of the election; and

(b) Must be signed by not less than 10 percent of the electors registered in the city or county.

(4) If ORS 250.155 makes ORS 250.165 to 250.235 inapplicable to a county or if ORS 250.255 makes ORS 250.265 to 250.346 inapplicable to a city, the requirements for preparing, circulating and filing a petition under this section must be as provided for an initiative petition under the county or city charter or an ordinance adopted under the county or city charter.

- (5) A signature is not valid unless signed within 180 days before the petition is filed.
- (6) An election under this section must be held at the time of the next statewide general election.

(7) An election under this section must be conducted under ORS chapters 246 to 260.

SECTION 85. ORS 475B.340, as amended by section 4, chapter 23, Oregon Laws 2016, and section 66, chapter 24, Oregon Laws 2016, is amended to read:

475B.340. (1) For purposes of this section, “reasonable regulations” includes:

(a) Reasonable conditions on the manner in which a marijuana producer [*licensed*] **that holds a license issued** under ORS 475B.070 may produce marijuana or in which a [*person who*] **researcher of cannabis that** holds a certificate issued under ORS 475B.235 may produce marijuana or propagate immature marijuana plants;

(b) Reasonable conditions on the manner in which a marijuana processor [*licensed*] **that holds a license issued** under ORS 475B.090 may process marijuana or in which a [*person who*] **researcher of cannabis that** holds a certificate issued under ORS 475B.235 may process marijuana;

(c) Reasonable conditions on the manner in which a marijuana wholesaler [*licensed*] **that holds a license issued** under ORS 475B.100 may sell marijuana at wholesale;

(d) Reasonable conditions on the manner in which a marijuana retailer [*licensed*] **that holds a license issued** under ORS 475B.110 may sell marijuana items;

(e) Reasonable limitations on the hours during which a premises for which a license has been issued under ORS [*475B.070, 475B.090, 475B.100 or 475B.110*] **475B.010 to 475B.395** may operate;

(f) Reasonable requirements related to the public’s access to a premises for which a license or certificate has been issued under ORS [*475B.070, 475B.090, 475B.100, 475B.110 or 475B.235*] **475B.010 to 475B.395**; and

(g) Reasonable limitations on where a premises for which a license or certificate may be issued under ORS [*475B.070, 475B.090, 475B.100, 475B.110 or 475B.235*] **475B.010 to 475B.395** may be located.

(2) Notwithstanding ORS 30.935, 215.253 (1) or 633.738, the governing body of a city or county may adopt ordinances that impose reasonable regulations on the operation of businesses located at premises for which a license **or certificate** has been issued under ORS [*475B.070, 475B.090, 475B.100 or 475B.110, or for which a certificate has been issued under ORS 475B.235,*] **475B.010 to 475B.395** if the premises are located in the area subject to the jurisdiction of the city or county, except that the governing body of a city or county may not:

(a) Adopt an ordinance that prohibits a premises for which a license has been issued under ORS 475B.110 from being located within a distance that is greater than 1,000 feet of another premises for which a license has been issued under ORS 475B.110.

(b) Adopt an ordinance [*after January 1, 2015,*] that imposes a setback requirement for an agricultural building used to produce marijuana located on a premises for which a license has been issued under ORS 475B.070 if the agricultural building:

(A) Was constructed on or before July 1, 2015, in compliance with all applicable land use and building code requirements at the time of construction;

(B) Is located at an address where a marijuana grow site first registered with the Oregon Health Authority under ORS 475B.420 on or before January 1, 2015;

(C) Was used to produce marijuana pursuant to the provisions of ORS 475B.400 to 475B.525 on or before January 1, 2015; and

(D) Has four opaque walls and a roof.

SECTION 86. ORS 475B.345, as amended by section 3, chapter 91, Oregon Laws 2016, is amended to read:

475B.345. [(1) As used in this section, “designated primary caregiver” and “registry identification cardholder” have the meanings given those terms in ORS 475B.410.]

[(2)(a)] **(1)(a)** Except as expressly authorized by this section, the authority to impose a tax or fee on the production, processing or sale of marijuana items in this state is vested solely in the Legislative Assembly.

(b) Except as expressly authorized by this section, a county, city or other municipal corporation or district may not adopt or enact ordinances imposing a tax or fee on the production, processing or sale of marijuana items in this state.

[(3)] (2) Subject to subsection [(5)] (4) of this section, the governing body of a city or county may adopt an ordinance to be referred to the electors of the city or county as described in subsection [(4)] (3) of this section that imposes a tax or a fee on the sale of marijuana items that are sold in the area subject to the jurisdiction of the city or the unincorporated area subject to the jurisdiction of a county by a [person] **marijuana retailer** that holds a license **issued** under ORS 475B.110.

[(4)] (3) If the governing body of a city or county adopts an ordinance under this section, the governing body shall refer the measure of the ordinance to the electors of the city or county for approval at the next statewide general election.

[(5)] (4) An ordinance adopted under this section may not impose a tax or fee:

(a) In excess of three percent; or

(b) On a registry identification cardholder or on a designated primary caregiver who is purchasing a marijuana item for a registry identification cardholder.

SECTION 87. ORS 475B.355 is amended to read:

475B.355. (1) The Oregon Liquor Control Commission, the State Department of Agriculture and the Oregon Health Authority may not refuse to perform any duty under ORS 475B.010 to 475B.395 on the basis that manufacturing, distributing, dispensing, possessing or using marijuana is prohibited by federal law.

(2) The commission may not revoke or refuse to issue or renew a license, **certificate or permit** under ORS 475B.010 to 475B.395 on the basis that manufacturing, distributing, dispensing, possessing or using marijuana is prohibited by federal law.

SECTION 88. ORS 475B.358 is amended to read:

475B.358. A person may not sue the Oregon Liquor Control Commission or a member of the commission, the State Department of Agriculture or the Oregon Health Authority, or any employee of the commission, department or authority, for performing or omitting to perform any duty, function or power of the commission, department or authority set forth in ORS 475B.010 to 475B.395 or in any other law of this state requiring the commission, department or authority to perform a duty, function or power related to marijuana **items**.

SECTION 89. ORS 475B.365 is amended to read:

475B.365. In case of invasion, disaster, insurrection or riot, or imminent danger of invasion, disaster, insurrection or riot, the Governor may, for the duration of the invasion, disaster, insurrection or riot, or imminent danger, immediately **and without notice** suspend, [*without notice any license*] in the area involved, [*granted*] **any license, certificate or permit issued** under ORS 475B.010 to 475B.395.

SECTION 90. ORS 475B.370, as amended by section 3, chapter 23, Oregon Laws 2016, is amended to read:

475B.370. (1) Marijuana is:

(a) A crop for the purposes of “farm use” as defined in ORS 215.203;

(b) A crop for purposes of a “farm” and “farming practice,” both as defined in ORS 30.930;

(c) A product of farm use as described in ORS 308A.062; and

(d) The product of an agricultural activity for purposes of ORS 568.909.

(2) Notwithstanding ORS chapters 195, 196, 197, 215 and 227, the following are not permitted uses on land designated for exclusive farm use:

(a) A new dwelling used in conjunction with a marijuana crop;

(b) A farm stand, as described in ORS 215.213 (1)(r) or 215.283 (1)(o), used in conjunction with a marijuana crop; and

(c) A commercial activity, as described in ORS 215.213 (2)(c) or 215.283 (2)(a), carried on in conjunction with a marijuana crop.

(3) A county may allow the production of marijuana as a farm use on land zoned for farm or forest use in the same manner as the production of marijuana is allowed in exclusive farm use zones under this section and ORS 215.213, 215.283 and 475B.063.

(4) This section applies to:

(a) Marijuana producers [*licensed*] **that hold a license issued** under ORS 475B.070;

(b) Persons registered under ORS 475B.420 and designated to produce marijuana by one or more persons who hold valid registry identification cards issued under ORS 475B.415; and

(c) For the purpose of producing marijuana or propagating immature marijuana plants, [*persons who hold certificates*] **researchers of cannabis that hold a certificate issued** under ORS 475B.235.

SECTION 91. ORS 475B.399 is amended to read:

475B.399. (1) As used in this section, “marijuana” and “marijuana item” have the meanings given those terms in ORS 475B.015.

(2) On or before February 1 of each odd-numbered year, the Oregon Liquor Control Commission shall report to the Legislative Assembly in the manner required by ORS 192.245, the approximate amount of marijuana produced by [*persons who hold a license*] **marijuana producers that hold a license issued** under ORS 475B.070 and the approximate amount of marijuana items sold by [*persons who hold a license*] **marijuana retailers that hold a license issued** under ORS 475B.110, and whether the supply of marijuana in this state is commensurate with the demand for marijuana items in this state.

SECTION 92. ORS 475B.430 is amended to read:

475B.430. (1) Except as provided in subsection (2) of this section, a registry identification cardholder and the designated primary caregiver of the registry identification cardholder may jointly possess no more than 24 ounces of usable marijuana.

(2) Subject to subsection (3) of this section, a person designated to produce marijuana by a registry identification cardholder may possess the amount of usable marijuana that the person harvests from the person’s mature marijuana plants, provided that the person may not possess usable marijuana in excess of the amount of usable marijuana in the person’s possession as reported to the Oregon Health Authority under ORS 475B.423.

(3) A person designated to produce marijuana by a registry identification cardholder may not possess usable marijuana in excess of:

(a) For a marijuana [*growsite*] **grow site** located outdoors, 12 pounds of usable marijuana per mature marijuana plant; or

(b) For a marijuana [*growsite*] **grow site** located indoors, six pounds of usable marijuana per mature marijuana plant.

SECTION 93. Section 22, chapter 24, Oregon Laws 2016, is amended to read:

Sec. 22. (1) Subject to subsection (2) of this section, information is exempt from public disclosure under ORS 192.410 to 192.505 if the information is:

(a) The address of a premises for which a license has been issued or for which an applicant has proposed [*to be licensed*] **licensure** under ORS 475B.070, 475B.090 or 485B.100;

(b) Is related to the security plan or the operational plan for a premises for which a license has been issued or for which an applicant has proposed [*to be licensed*] **licensure** under ORS [*475B.070, 475B.090, 485B.100 or 475B.110*] **475B.010 to 475B.395**; or

(c) Is related to any record that the Oregon Liquor Control Commission determines contains proprietary information of a [*person who holds a license under ORS 475B.070, 475B.090, 485B.100 or 475B.110*] **licensee**.

(2) The exemption from public disclosure as provided by this section does not apply to a request for information if the request is made by a law enforcement agency.

SECTION 94. ORS 279A.025 is amended to read:

279A.025. (1) Except as provided in subsections (2) to (4) of this section, the Public Contracting Code applies to all public contracting.

(2) The Public Contracting Code does not apply to:

(a) Contracts between a contracting agency and:

- (A) Another contracting agency;
- (B) The Oregon Health and Science University;
- (C) A public university listed in ORS 352.002;
- (D) The Oregon State Bar;
- (E) A governmental body of another state;
- (F) The federal government;
- (G) An American Indian tribe or an agency of an American Indian tribe;
- (H) A nation, or a governmental body in a nation, other than the United States; or
- (I) An intergovernmental entity formed between or among:
 - (i) Governmental bodies of this or another state;
 - (ii) The federal government;
 - (iii) An American Indian tribe or an agency of an American Indian tribe;
 - (iv) A nation other than the United States; or
 - (v) A governmental body in a nation other than the United States;
- (b) Agreements authorized by ORS chapter 190 or by a statute, charter provision, ordinance or other authority for establishing agreements between or among governmental bodies or agencies or tribal governing bodies or agencies;
- (c) Insurance and service contracts as provided for under ORS 414.115, 414.125, 414.135 and 414.145 for purposes of source selection;
- (d) Grants;
- (e) Contracts for professional or expert witnesses or consultants to provide services or testimony relating to existing or potential litigation or legal matters in which a public body is or may become interested;
- (f) Acquisitions or disposals of real property or interest in real property;
- (g) Sole-source expenditures when rates are set by law or ordinance for purposes of source selection;
- (h) Contracts for the procurement or distribution of textbooks;
- (i) Procurements by a contracting agency from an Oregon Corrections Enterprises program;
- (j) The procurement, transportation, **sale** or distribution of distilled liquor, as defined in ORS 471.001, or the appointment of agents under ORS **471.230 or** 471.750 by the Oregon Liquor Control Commission;
- (k) Contracts entered into under ORS chapter 180 between the Attorney General and private counsel or special legal assistants;
- (L) Contracts for the sale of timber from lands owned or managed by the State Board of Forestry and the State Forestry Department;
- (m) Contracts for activities necessary or convenient for the sale of timber under paragraph (L) of this subsection, either separately from or in conjunction with contracts for the sale of timber, including but not limited to activities such as timber harvesting and sorting, transporting, gravel pit development or operation, and road construction, maintenance or improvement;
- (n) Contracts for forest protection or forest related activities, as described in ORS 477.406, by the State Forester or the State Board of Forestry;
- (o) Contracts entered into by the Housing and Community Services Department in exercising the department's duties prescribed in ORS chapters 456 and 458, except that the department's public contracting for goods and services is subject to ORS chapter 279B;
- (p) Contracts entered into by the State Treasurer in exercising the powers of that office prescribed in ORS 178.010 to 178.100 and ORS chapters 286A, 287A, 289, 293, 294 and 295, including but not limited to investment contracts and agreements, banking services, clearing house services and collateralization agreements, bond documents, certificates of participation and other debt repayment agreements, and any associated contracts, agreements and documents, regardless of whether the obligations that the contracts, agreements or documents establish are general, special or limited, except that the State Treasurer's public contracting for goods and services is subject to ORS chapter 279B;

(q) Contracts, agreements or other documents entered into, issued or established in connection with:

(A) The issuance of obligations, as defined in ORS 286A.100 and 287A.310, of a public body;

(B) The making of program loans and similar extensions or advances of funds, aid or assistance by a public body to a public or private body for the purpose of carrying out, promoting or sustaining activities or programs authorized by law; or

(C) The investment of funds by a public body as authorized by law, and other financial transactions of a public body that by their character cannot practically be established under the competitive contractor selection procedures of ORS 279B.050 to 279B.085;

(r) Contracts for employee benefit plans as provided in ORS 243.105 (1), 243.125 (4), 243.221, 243.275, 243.291, 243.303 and 243.565;

(s) Contracts for employee benefit plans as provided in ORS 243.860 to 243.886; or

(t) Any other public contracting of a public body specifically exempted from the code by another provision of law.

(3) The Public Contracting Code does not apply to the contracting activities of:

(a) The Oregon State Lottery Commission;

(b) The legislative department;

(c) The judicial department;

(d) Semi-independent state agencies listed in ORS 182.454, except as provided in ORS 279.835 to 279.855 and 279A.250 to 279A.290;

(e) Oregon Corrections Enterprises;

(f) The Oregon Film and Video Office, except as provided in ORS 279A.100 and 279A.250 to 279A.290;

(g) The Travel Information Council, except as provided in ORS 279A.250 to 279A.290;

(h) The Oregon 529 Savings Network and the Oregon 529 Savings Board;

(i) The Oregon Innovation Council;

(j) The Oregon Utility Notification Center; or

(k) Any other public body specifically exempted from the code by another provision of law.

(4) ORS 279A.200 to 279A.225 and 279B.050 to 279B.085 do not apply to contracts made with qualified nonprofit agencies providing employment opportunities for individuals with disabilities under ORS 279.835 to 279.855.

SECTION 95. ORS 471.705 is amended to read:

471.705. (1) There is created the Oregon Liquor Control Commission, consisting of [*five persons*] **seven commissioners** appointed by the Governor. One [*member shall*] **commissioner must** be from among the [*bona fide*] residents of each congressional district of [*the*] **this state. One additional commissioner must be from eastern Oregon. One additional commissioner must be from western Oregon.** One [*member shall*] **commissioner must** be from the food and alcoholic beverage retail industry. Not more than [*three*] **four** commissioners [*shall*] **may** be of the same political party [*and one shall be designated by*]. The Governor **shall designate one commissioner** to be chairperson of the commission. The commissioners are entitled to compensation and expenses as provided in ORS 292.495.

(2) Each commissioner at the time of appointment [*and qualification shall*] **must** be a resident of this state and [*shall*] **must** have resided in this state for at least five years next preceding appointment and qualification. [*The*] **Each** commissioner [*shall*] **must** be an elector [*therein*] **in this state and may not be** less than 30 years of age. [*A commissioner shall cease to hold office*] **The term of office of a commissioner terminates** if the commissioner ceases to possess the residency or industry qualification for appointment [*and*]. **If the term of office of a commissioner terminates under this subsection,** the Governor shall appoint a qualified individual to complete the unexpired term **of the commissioner.**

[(2)] (3) The term of office of a commissioner [*shall be*] **is** four years from the time of appointment and qualification and until a successor qualifies **for appointment.** The terms of the commissioners [*shall*] commence April 1. [*In case any*] **If a** commissioner is allowed to hold [*over*] **office**

after the expiration of *[the]* a term, the *[successor shall be appointed]* **Governor shall appoint the successor** for the *[balance]* **remainder** of the unexpired term. *[Vacancies in the commission shall be filled by the Governor for the unexpired term.]* **If a vacancy occurs in the commission, the Governor shall appoint the successor for the remainder of the unexpired term.** Each commissioner is eligible for reappointment, but *[no person shall be]* **an individual is not** eligible to serve for more than two full terms.

[(3)] (4) *[All]* Appointments of commissioners by the Governor **under this section** are subject to confirmation by the Senate pursuant to section 4, Article III, Oregon Constitution.

REPEALS

SECTION 96. Section 41 of this 2017 Act is repealed on July 1, 2019.

MISCELLANEOUS

SECTION 97. The Oregon Liquor Control Commission shall adopt rules necessary to implement the amendments to sections 2 and 3, chapter 83, Oregon Laws 2016, by sections 19 and 20 of this 2017 Act on or before January 1, 2018.

SECTION 98. The amendments to section 2, chapter 83, Oregon Laws 2016, by section 19 of this 2017 Act do not affect any contract entered into between a marijuana producer registered under section 2, chapter 83, Oregon Laws 2016, and a registry identification cardholder, as defined in ORS 475B.410, before the effective date of this 2017 Act.

SECTION 99. (1) Sections 24 to 27 and 31 of this 2017 Act and the amendments to ORS 475B.605 and 475B.655 by sections 33 and 34 of this 2017 Act become operative on January 1, 2018.

(2) The Oregon Liquor Control Commission and the Oregon Health Authority may take any action before the operative date specified in subsection (1) of this section that is necessary to enable the commission and authority to exercise, on and after the operative date specified in subsection (1) of this section, all the duties, functions and powers conferred on the commission and authority by sections 24 to 27 and 31 of this 2017 Act and the amendments to ORS 475B.605 and 475B.655 by sections 33 and 34 of this 2017 Act.

SECTION 100. 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 101. 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 Senate May 10, 2017

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Lori L. Brocker, Secretary of Senate

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Peter Courtney, President of Senate

Passed by House May 22, 2017

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Tina Kotek, Speaker of House

Received by Governor:

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

Approved:

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

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Kate Brown, Governor

Filed in Office of Secretary of State:

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

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Dennis Richardson, Secretary of State