

D R A F T

SUMMARY

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

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

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

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to cannabis; creating new provisions; amending ORS 475B.070,
3 475B.090, 475B.100, 475B.110, 475B.160, 475B.245, 475B.285 and 475B.375
4 and section 2, chapter 784, Oregon Laws 2015; repealing ORS 475B.080;
5 and declaring an emergency.

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

REGISTRATION FOR MEDICAL PURPOSES

(Series Placement)

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

(Marijuana Producers)

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

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

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

- (a) Holds a license under ORS 475B.070;**
- (b) Meets any qualifications adopted by the commission by rule;**
- (c) Applies to the commission in a form and manner prescribed by the commission; and**
- (d) Pays any fee adopted by the commission by rule.**

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

- (a) Produce marijuana for medical purposes;**
- (b) Sell or otherwise transfer marijuana or usable marijuana to a marijuana processing site registered with the Oregon Health Authority under ORS 475B.435;**
- (c) Sell or otherwise transfer the seeds of marijuana, immature marijuana plants or usable marijuana to a medical marijuana dispensary registered with the authority under ORS 475B.450; and**
- (d) Provide marijuana or usable marijuana to a registry identification cardholder or a designated primary caregiver.**

(5) The commission shall adopt rules prescribing procedures for the sale, transfer or provision of marijuana and usable marijuana under subsection (4) of this section. At a minimum, procedures adopted un-

1 **der this subsection:**

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

6 **(b) Must require a marijuana producer registered under this section**
7 **to provide the commission with information necessary to identify:**

8 **(A) A marijuana processing site receiving marijuana or usable**
9 **marijuana from the marijuana producer pursuant to subsection (4)(b)**
10 **of this section;**

11 **(B) A medical marijuana dispensary receiving the seeds of**
12 **marijuana, immature marijuana plants or usable marijuana from the**
13 **marijuana producer pursuant to subsection (4)(c) of this section; and**

14 **(C) A registry identification cardholder or designated primary**
15 **caregiver receiving marijuana or usable marijuana from the marijuana**
16 **producer pursuant to subsection (4)(d) of this section.**

17 **(c) Must require the authority to provide to the commission, not-**
18 **withstanding any laws relating to the confidentiality of information**
19 **under ORS 475B.460 and 475B.462, with the registration information of:**

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

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

25 **(C) A registry identification cardholder or designated primary**
26 **caregiver receiving marijuana or usable marijuana pursuant to sub-**
27 **section (4)(d) of this section.**

28 **(6)(a) A marijuana producer registered under this section may pro-**
29 **vide marijuana and usable marijuana to a registry identification**
30 **cardholder, or to a designated primary caregiver, pursuant to sub-**
31 **section (4)(d) of this section only if the marijuana producer enters into**

1 an agreement with the registry identification cardholder for whom the
2 marijuana producer is producing the marijuana or usable marijuana.

3 An agreement entered into under this subsection:

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

7 (B) May allow the marijuana producer to produce for the registry
8 identification cardholder only the amount of mature marijuana plants
9 that a registry identification cardholder and a designated primary
10 caregiver may jointly possess under ORS 475B.428 (1);

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

15 (D) Subject to paragraph (c) of this subsection, may allow the
16 marijuana producer to keep a portion of the marijuana or usable
17 marijuana produced for the registry identification cardholder for the
18 purpose of providing marijuana or usable marijuana to additional
19 registry identification cardholders or the designated primary
20 caregivers of additional registry identification cardholders; and

21 (E) Must be approved by the commission in a form and manner
22 prescribed by the commission.

23 (b) An agreement entered into under this subsection may require
24 a registry identification cardholder or a designated primary caregiver
25 to reimburse a marijuana producer for all costs associated with
26 producing marijuana or usable marijuana for the registry identifica-
27 tion cardholder.

28 (c) An agreement entered into under this subsection shall require
29 registry identification cardholders, and designated primary caregivers,
30 who receive marijuana or usable marijuana pursuant to paragraph
31 (a)(D) of this subsection to be subject to subsection (5)(b)(C) and (c)(C)

1 of this section and paragraph (a)(A) of this subsection.

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

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

11 (9) The commission shall adopt rules necessary to implement this
12 section, provided that any fee adopted by the commission under sub-
13 section (3)(d) of this section must be for an amount that is reasonably
14 calculated to not exceed, together with other fees collected under ORS
15 475B.010 to 475B.395, the cost of administering ORS 475B.010 to
16 475B.395.

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18 (Marijuana Processors)

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20 SECTION 3. (1) As used in this section, “marijuana grow site,”
21 “marijuana processing site” and “medical marijuana dispensary” have
22 the meanings given those terms in ORS 475B.410.

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

26 (3) The commission shall register a marijuana processor for the
27 purpose of processing marijuana for medical purposes if the marijuana
28 processor:

29 (a) Holds a license under ORS 475B.090;

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

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

1 **the commission; and**

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

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

5 **(a) Process marijuana and usable marijuana into medical grade**
6 **cannabinoid products, cannabinoid concentrates and cannabinoid ex-**
7 **tracts;**

8 **(b) Purchase or otherwise receive marijuana or usable marijuana**
9 **from a marijuana grow site;**

10 **(c) Purchase or otherwise receive, or sell or otherwise transfer,**
11 **cannabinoid products, cannabinoid concentrates or cannabinoid ex-**
12 **tracts from or to a marijuana processing site registered with the**
13 **Oregon Health Authority under ORS 475B.435; and**

14 **(d) Sell or otherwise transfer cannabinoid products, cannabinoid**
15 **concentrates or cannabinoid extracts to a medical marijuana**
16 **dispensary registered with the authority under ORS 475B.450.**

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

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

30 **(b) Must require a marijuana processor registered under this sec-**
31 **tion to provide the commission with information necessary to identify:**

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

4 (B) A marijuana processing site receiving from the marijuana
5 processor, or from whom the marijuana processor is receiving,
6 cannabinoid products, cannabinoid concentrates or cannabinoid ex-
7 tracts pursuant to subsection (4)(c) of this section; and

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

11 (c) Must require the authority to provide to the commission, not-
12 withstanding any laws relating to the confidentiality of information
13 under ORS 475B.460 and 475B.462, with the registration information of:

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

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

19 (C) A medical marijuana dispensary receiving cannabinoid products,
20 cannabinoid concentrates or cannabinoid extracts pursuant to sub-
21 section (4)(d) of this section.

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

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

1 **475B.395.**

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3 **(Marijuana Wholesalers)**
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5 **SECTION 4. (1) As used in this section, “marijuana grow site,”**
6 **“marijuana processing site” and “medical marijuana dispensary” have**
7 **the meanings given those terms in ORS 475B.410.**

8 **(2) To sell marijuana at wholesale for medical purposes, a**
9 **marijuana wholesaler that holds a license under ORS 475B.100 must**
10 **register with the Oregon Liquor Control Commission under this sec-**
11 **tion.**

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

15 **(a) Holds a license under ORS 475B.100;**

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

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

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

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

22 **(a) Sell medical grade cannabinoid products, cannabinoid concen-**
23 **trates and cannabinoid extracts at wholesale;**

24 **(b) Purchase or otherwise receive the seeds of marijuana, immature**
25 **marijuana plants or usable marijuana from a marijuana grow site;**

26 **(c) Purchase or otherwise receive, or sell or otherwise transfer, the**
27 **seeds of marijuana, immature marijuana plants, usable marijuana,**
28 **cannabinoid products, cannabinoid concentrates or cannabinoid ex-**
29 **tracts from or to a marijuana processing site registered with the**
30 **Oregon Health Authority under ORS 475B.435; and**

31 **(d) Sell or otherwise transfer the seeds of marijuana, immature**

1 marijuana plants, usable marijuana, cannabinoid products,
2 cannabinoid concentrates or cannabinoid extracts to a medical
3 marijuana dispensary registered with the authority under ORS
4 475B.450.

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

11 (a) Must require the seeds of marijuana, immature marijuana
12 plants and usable marijuana produced for the purpose of being pur-
13 chased, received, sold or transferred under subsection (4) of this sec-
14 tion, and cannabinoid products, cannabinoid concentrates and
15 cannabinoid extracts processed for the purpose of being purchased,
16 received, sold or transferred under subsection (4) of this section, to
17 be tracked by the system developed and maintained under ORS
18 475B.150.

19 (b) Must require a marijuana wholesaler registered under this sec-
20 tion to provide the commission with information necessary to identify:

21 (A) A marijuana grow site from whom the marijuana wholesaler is
22 receiving the seeds of marijuana, immature marijuana plants or usable
23 marijuana pursuant to subsection (4)(b) of this section;

24 (B) A marijuana processing site receiving from the marijuana
25 wholesaler, or from whom the marijuana wholesaler is receiving, the
26 seeds of marijuana, immature marijuana plants, usable marijuana,
27 cannabinoid products, cannabinoid concentrates or cannabinoid ex-
28 tracts pursuant to subsection (4)(c) of this section; and

29 (C) A medical marijuana dispensary receiving the seeds of
30 marijuana, immature marijuana plants, usable marijuana,
31 cannabinoid products, cannabinoid concentrates or cannabinoid ex-

1 tracts from the marijuana wholesaler pursuant to subsection (4)(d) of
2 this section.

3 (c) Must require the authority to provide to the commission, not-
4 withstanding any laws relating to the confidentiality of information
5 under ORS 475B.460 and 475B.462, with the registration information of:

6 (A) A marijuana grow site delivering the seeds of marijuana, im-
7 mature marijuana plants or usable marijuana pursuant to subsection
8 (4)(b) of this section;

9 (B) A marijuana processing site delivering or receiving the seeds
10 of marijuana, immature marijuana plants, usable marijuana,
11 cannabinoid products, cannabinoid concentrates or cannabinoid ex-
12 tracts pursuant to subsection (4)(c) of this section; and

13 (C) A medical marijuana dispensary receiving the seeds of
14 marijuana, immature marijuana plants, usable marijuana,
15 cannabinoid products, cannabinoid concentrates or cannabinoid ex-
16 tracts pursuant to subsection (4)(d) of this section.

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

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

28

29

(Marijuana Retailers)

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31 SECTION 5. (1) As used in this section, “designated primary

1 **caregiver,” “marijuana grow site,” “marijuana processing site,”**
2 **“medical marijuana dispensary” and “registry identification**
3 **cardholder” have the meanings given those terms in ORS 475B.410.**

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

7 **(3) The commission shall register a marijuana retailer for the pur-**
8 **pose of selling marijuana at retail for medical purposes if the**
9 **marijuana retailer:**

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

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

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

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

15 **(4) Subject to subsection (5) of this section, a marijuana retailer**
16 **registered under this section may:**

17 **(a) Sell medical grade cannabinoid products, cannabinoid concen-**
18 **trates and cannabinoid extracts at retail;**

19 **(b) Sell usable marijuana and medical grade cannabinoid products,**
20 **cannabinoid concentrates and cannabinoid extracts to registry iden-**
21 **tification cardholders and designated primary caregivers at a dis-**
22 **counted price;**

23 **(c) Provide usable marijuana and medical grade cannabinoid pro-**
24 **ducts, cannabinoid concentrates and cannabinoid extracts to registry**
25 **identification cardholders and designated primary caregivers free of**
26 **charge;**

27 **(d) Subject to subsection (6) of this section, sell an amount of usa-**
28 **ble marijuana, cannabinoid products, cannabinoid concentrates and**
29 **cannabinoid extracts to registry identification cardholders and desig-**
30 **ated primary caregivers that is greater than the amount that the**
31 **marijuana retailer may sell to individuals who are not registry iden-**

1 **tification cardholders or designated primary caregivers;**

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

4 **(f) Purchase or otherwise receive cannabinoid products,**
5 **cannabinoid concentrates or cannabinoid extracts from a marijuana**
6 **processing site registered with the Oregon Health Authority under**
7 **ORS 475B.435.**

8 **(5) The commission shall adopt rules prescribing procedures for the**
9 **purchase and receipt of the seeds of marijuana, immature marijuana**
10 **plants, usable marijuana, cannabinoid products, cannabinoid concen-**
11 **trates and cannabinoid extracts under subsection (4) of this section.**

12 **At a minimum, procedures adopted under this subsection:**

13 **(a) Must require the seeds of marijuana, immature marijuana**
14 **plants and usable marijuana produced for the purpose of being pur-**
15 **chased or received under subsection (4) of this section, and**
16 **cannabinoid products, cannabinoid concentrates and cannabinoid ex-**
17 **tracts processed for the purpose of being purchased or received under**
18 **subsection (4) of this section, to be tracked by the system developed**
19 **and maintained under ORS 475B.150.**

20 **(b) Must require a marijuana retailer registered under this section**
21 **to provide the commission with information necessary to identify:**

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

25 **(B) A marijuana processing site from whom the marijuana retailer**
26 **is receiving cannabinoid products, cannabinoid concentrates or**
27 **cannabinoid extracts pursuant to subsection (4)(f) of this section.**

28 **(c) Must require the authority to provide to the commission, not-**
29 **withstanding any laws relating to the confidentiality of information**
30 **under ORS 475B.460 and 475B.462, with the registration information of:**

31 **(A) A marijuana grow site delivering the seeds of marijuana, im-**

1 mature marijuana plants or usable marijuana pursuant to subsection
2 (4)(d) of this section; and

3 (B) A marijuana processing site delivering cannabinoid products,
4 cannabinoid concentrates or cannabinoid extracts pursuant to sub-
5 section (4)(f) of this section.

6 (6) The commission shall adopt the amount of usable marijuana,
7 cannabinoid products, cannabinoid concentrates and cannabinoid ex-
8 tracts that a marijuana retailer registered under this section may sell
9 to a registry identification cardholder or designated primary caregiver,
10 provided that the commission does not adopt by rule an amount that
11 exceeds the amount of usable marijuana that a registry identification
12 cardholder and a designated primary caregiver may jointly possess
13 under ORS 475B.430.

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

19 (8) The commission shall adopt rules necessary to implement this
20 section, provided that any fee adopted by the commission under sub-
21 section (3)(d) of this section must be for an amount that is reasonably
22 calculated to not exceed, together with other fees collected under ORS
23 475B.010 to 475B.395, the cost of administering ORS 475B.010 to
24 475B.395.

25 SECTION 6. Notwithstanding the provisions of ORS 475B.400 to
26 475B.525, rules adopted by the Oregon Health Authority under ORS
27 475B.400 to 475B.525 must allow for the purchase, receipt, sale, transfer
28 and provision of marijuana, usable marijuana, cannabinoid products,
29 cannabinoid concentrates and cannabinoid extracts as authorized un-
30 der sections 2 to 5 of this 2016 Act.

31

(General Rulemaking Authority)

SECTION 7. ORS 475B.070 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 under this section, a marijuana producer:

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

(b) Must, until January 1, 2020, provide proof that an applicant listed on an application submitted under ORS 475B.040 has been a resident of this state for two or more years, and 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) Allow a marijuana producer registered under section 2 of this 2016 Act 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;

[(d)] (e) Require marijuana producers to submit, at the time of applying

1 for or renewing a license under ORS 475B.040, a report describing the
2 applicant's or licensee's electrical or water usage; and

3 [(e)(A)] (f)(A) Require a marijuana producer to meet any public health
4 and safety standards and industry best practices established by the commis-
5 sion by rule related to:

6 (i) The production of marijuana; or

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

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

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

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

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

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

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

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

23 (c) Shall be deposited in the Marijuana Control and Regulation Fund es-
24 tablished under ORS 475B.240.

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

26 475B.090. (1) The processing of marijuana items is subject to regulation
27 by the Oregon Liquor Control Commission.

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

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

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

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

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

9 (3) The commission shall adopt rules that:

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

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

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

16 **(d) Allow a marijuana processor registered under section 3 of this**
17 **2016 Act to process marijuana and usable marijuana into medical grade**
18 **cannabinoid products, cannabinoid concentrates and cannabinoid ex-**
19 **tracts in the same manner that rules adopted under ORS 475B.010 to**
20 **475B.395 allow a marijuana processor to process marijuana and usable**
21 **marijuana into general use cannabinoid products, cannabinoid con-**
22 **centrates and cannabinoid extracts, excepting those circumstances**
23 **where differentiating between the processing of medical grade**
24 **cannabinoid products, cannabinoid concentrates and cannabinoid ex-**
25 **tracts and the processing of general use cannabinoid products,**
26 **cannabinoid concentrates and cannabinoid extracts is necessary to**
27 **protect the public health and safety; and**

28 [*d*] (e) Require a marijuana processor to meet any public health and
29 safety standards and industry best practices established by the commission
30 by rule related to:

31 (A) Cannabinoid edibles;

- 1 (B) Cannabinoid concentrates;
- 2 (C) Cannabinoid extracts; and
- 3 (D) Any other type of cannabinoid product identified by the commission
- 4 by rule.

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

6 (a) May not exceed the cost of administering ORS 475B.010 to 475B.395

7 with respect to marijuana processors; and

8 (b) Shall be deposited in the Marijuana Control and Regulation Fund es-

9 tablished under ORS 475B.240.

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

11 475B.100. (1) The wholesale sale of marijuana items is subject to regu-

12 lation by the Oregon Liquor Control Commission.

13 (2) A marijuana wholesaler must have a wholesale license issued by the

14 commission for the premises at which marijuana items are received, stored

15 or delivered. To hold a wholesale license under this section, a marijuana

16 wholesaler:

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

18 (b) Must, until January 1, 2020, provide proof that an applicant listed on

19 an application submitted under ORS 475B.040 has been a resident of this

20 state for two or more years, and must provide proof that the applicant is 21

21 years of age or older;

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

23 use; and

24 (d) Must meet the requirements of any rule adopted by the commission

25 under subsection (3) of this section.

26 (3) The commission shall adopt rules that:

27 (a) Require a marijuana wholesaler to annually renew a license issued

28 under this section;

29 (b) Establish application, licensure and renewal of licensure fees for

30 marijuana wholesalers;

31 (c) Require marijuana items received, stored or delivered by a marijuana

1 wholesaler to be tested in accordance with ORS 475B.555; *[and]*

2 **(d) Allow a marijuana wholesaler registered under section 4 of this**
3 **2016 Act to sell medical grade cannabinoid products, cannabinoid con-**
4 **centrates and cannabinoid extracts at wholesale in the same manner**
5 **that rules adopted under ORS 475B.010 to 475B.395 allow a marijuana**
6 **wholesaler to sell general use cannabinoid products, cannabinoid con-**
7 **centrates and cannabinoid extracts at wholesale, excepting those cir-**
8 **cumstances where differentiating between the sale of medical grade**
9 **cannabinoid products, cannabinoid concentrates and cannabinoid ex-**
10 **tracts and the sale of general use cannabinoid products, cannabinoid**
11 **concentrates and cannabinoid extracts is necessary to protect the**
12 **public health and safety; and**

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

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

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

19 (b) Shall be deposited in the Marijuana Control and Regulation Fund es-
20 tablished under ORS 475B.240.

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

22 475B.110. (1) The retail sale of marijuana items is subject to regulation
23 by the Oregon Liquor Control Commission.

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

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

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

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

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

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

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

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

10 (3) The commission shall adopt rules that:

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

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

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

17 **(d) Allow a marijuana retailer registered under section 5 of this 2016**
18 **Act to sell medical grade cannabinoid products, cannabinoid concen-**
19 **trates and cannabinoid extracts at retail in the same manner that**
20 **rules adopted under ORS 475B.010 to 475B.395 allow a marijuana**
21 **retailer to sell general use cannabinoid products, cannabinoid concen-**
22 **trates and cannabinoid extracts at retail, excepting those circum-**
23 **stances where differentiating between the sale of medical grade**
24 **cannabinoid products, cannabinoid concentrates and cannabinoid ex-**
25 **tracts and the sale of general use cannabinoid products, cannabinoid**
26 **concentrates and cannabinoid extracts is necessary to protect the**
27 **public health and safety; and**

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

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

31 (a) May not exceed the cost of administering ORS 475B.010 to 475B.395

1 with respect to marijuana retailers; and

2 (b) Shall be deposited in the Marijuana Control and Regulation Fund es-
3 tablished under ORS 475B.240.

4

5 (Conforming Amendments)

6

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

8 475B.160. (1) **Except as provided in sections 2, 3, 4 and 5 of this 2016**
9 **Act**, a marijuana producer, marijuana processor or marijuana wholesaler
10 may deliver marijuana items only to or on a licensed premises.

11 (2) **Except as provided in sections 2, 3, 4 and 5 of this 2016 Act**, a li-
12 censed premises may receive marijuana items only from a marijuana pro-
13 ducer, marijuana processor or marijuana wholesaler for whom a premises has
14 been licensed by the Oregon Liquor Control Commission.

15 (3) The sale of marijuana items by a marijuana retailer that holds a li-
16 cense issued under ORS 475B.110 must be restricted to the premises described
17 in the license, but deliveries may be made by the marijuana retailer to con-
18 sumers pursuant to a bona fide order received at the licensed premises prior
19 to delivery.

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

21 475B.245. ORS 475B.025, **475B.030**, 475B.033, 475B.035, 475B.040, 475B.045,
22 **475B.050**, 475B.055, 475B.060, **475B.063**, 475B.065, 475B.068, 475B.070,
23 **475B.075**, **475B.080**, 475B.090, 475B.100, 475B.110, **475B.115**, **475B.125**,
24 475B.130, **475B.135**, **475B.140**, **475B.145**, **475B.150**, 475B.160, 475B.165,
25 475B.170, **475B.180**, **475B.190**, **475B.195**, **475B.200**, **475B.205**, 475B.210,
26 **475B.215**, **475B.218**, **475B.230**, **475B.233**, **475B.235**, **475B.240**, [475B.265,]
27 475B.325, 475B.330, 475B.335, **475B.340**, **475B.345**, 475B.350, 475B.353,
28 475B.355, 475B.358, **475B.360**, **475B.365**, **475B.370** and [475B.380] **475B.373 and**
29 **sections 2, 3, 4 and 5 of this 2016 Act** do not apply:

30 (1) To the production, processing or storage of homegrown marijuana at
31 a household by one or more persons 21 years of age and older, if the total

1 amount of homegrown marijuana at the household does not exceed four
2 marijuana plants and eight ounces of usable marijuana at any time.

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

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

11 (4) To the making, processing or storage of homemade cannabinoid con-
12 centrates at a household by one or more persons 21 years of age or older, if
13 the total amount of homemade cannabinoid concentrates at the household
14 does not exceed 16 ounces at any time.

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

18 (6) To the delivery of not more than 16 ounces of homemade cannabinoid
19 products in solid form at a time by a person 21 years of age or older to an-
20 other person 21 years of age or older for noncommercial purposes.

21 (7) To the delivery of not more than 72 ounces of homemade cannabinoid
22 products in liquid form at a time by a person 21 years of age or older to
23 another person 21 years of age or older for noncommercial purposes.

24 (8) To the delivery of not more than 16 ounces of cannabinoid concen-
25 trates at a time by a person 21 years of age or older to another person 21
26 years of age or older for noncommercial purposes.

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

28 475B.375. [ORS 475B.025, 475B.033, 475B.035, 475B.040, 475B.045, 475B.055,
29 475B.060, 475B.065, 475B.068, 475B.070, 475B.090, 475B.100, 475B.110,
30 475B.130, 475B.160, 475B.165, 475B.170, 475B.180, 475B.185, 475B.190,
31 475B.195, 475B.200, 475B.205, 475B.210, 475B.250, 475B.255, 475B.260,

1 475B.265, 475B.270, 475B.275, 475B.280, 475B.298, 475B.300, 475B.305,
2 475B.310, 475B.315, 475B.320, 475B.325, 475B.330, 475B.335, 475B.340,
3 475B.350, 475B.353, 475B.355, 475B.358, 475B.365, 475B.378, 475B.380 and
4 475B.395:] **Except for 475B.373 and sections 2, 3, 4 and 5 of this 2016 Act,**
5 **ORS 475B.010 to 475B.395:**

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

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

10

11 **TAX RELIEF FOR REGISTRY IDENTIFICATION CARDHOLDERS**

12

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

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

18 **(2) Notwithstanding ORS 475B.705:**

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

23 **(b) A marijuana retailer may not collect the tax imposed under ORS**
24 **475B.705 from a consumer if, at the time at which the retail sale of the**
25 **marijuana item occurs, the consumer provides proof to the marijuana**
26 **retailer that the consumer:**

27 **(A) Holds a registry identification card; or**

28 **(B) Holds an identification card issued pursuant to ORS 475B.415**
29 **(5)(b) and is purchasing the marijuana item for a registry identifica-**
30 **tion cardholder.**

31 **(3) The Department of Revenue:**

1 (a) Shall adopt rules establishing procedures by which a marijuana
2 retailer shall document that a consumer holds a registry identification
3 card or an identification card issued pursuant to ORS 475B.415 (5)(b);
4 and

5 (b) May adopt rules establishing procedures by which the depart-
6 ment may verify that a marijuana retailer collects the tax imposed
7 under ORS 475B.705 from consumers of marijuana items who are not
8 registry identification cardholders and designated primary caregivers.

9
10 **EARLY START**

11
12 **SECTION 16.** Section 2, chapter 784, Oregon Laws 2015, is amended to
13 read:

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

15 (a) “Cannabinoid edible” has the meaning given that term in ORS
16 475B.410.

17 (b) “Cannabinoid extract” has the meaning given that term in ORS
18 475B.410.

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

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

22 (A) The seeds of marijuana;

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

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

25 (D) Cannabinoid edibles;

26 (E) Nonpsychoactive medical cannabinoid products intended to be
27 applied to a person’s skin or hair; and

28 (F) Prefilled carbon dioxide vaporizer cartridges containing
29 cannabinoid extracts.

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

1 Cannabis family Cannabaceae.

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

4 (2) Notwithstanding any other provision of law, on and after October 1,
5 2015, a medical marijuana dispensary may sell limited marijuana retail
6 product to a person who is 21 years of age or older if:

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

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

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

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

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

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

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

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

30 (a) **Ensure that all limited marijuana retail product sold by a med-**
31 **ical marijuana dispensary under this section is tested as prescribed by**

1 **the authority;**

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

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

5 (5) The authority may prohibit a medical marijuana dispensary from sell-
6 ing limited marijuana retail product as described in this section if the med-
7 ical marijuana dispensary violates this section.

8

9 **REPEAL OF AUTHORITY TO ISSUE**
10 **MARIJUANA PRODUCTION LICENSES TO MARIJUANA GROW**
11 **SITES**

12

13 **SECTION 17. ORS 475B.080 is repealed.**

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

15 475B.285. (1) An Oregon Liquor Control Commission regulatory specialist
16 has the authority as provided in ORS 133.005 to 133.400, 133.450, 133.525 to
17 133.703, 133.721 to 133.739, 161.235, 161.245 and 475B.010 to 475B.395, ORS
18 chapter 153 and chapter 743, Oregon Laws 1971, to conduct inspections and
19 investigations, make seizures, aid in prosecutions for offenses, issue citations
20 for violations and otherwise enforce the provisions of ORS 475B.010 to
21 475B.395, any rule adopted under ORS 475B.010 to 475B.395 and any other
22 law of this state that charges the commission with a duty, function or power
23 related to marijuana, including enforcing any provision of a law or rule re-
24 lated to individuals who use false identification for purposes of purchasing
25 or possessing a marijuana item or who engage in illegal activity on or near
26 a licensed premises.

27 (2) A commission regulatory specialist may not:

28 (a) Be sworn in as a federal law enforcement official and act in that ca-
29 pacity while performing duties under this section.

30 (b) Carry a firearm.

31 (c) Conduct inspections and investigations of a primary residence or for

1 purposes of ensuring compliance with ORS 475B.245 and 475B.375.

2 (d) [*Except as provided in ORS 475B.080,*] Conduct inspections and inves-
3 tigations for purposes of ensuring compliance with ORS 475B.400 to 475B.525.

4

5

UNIT CAPTIONS

6

7 **SECTION 19. The unit captions used in this 2016 Act are provided**
8 **only for the convenience of the reader and do not become part of the**
9 **statutory law of this state or express any legislative intent in the**
10 **enactment of this 2016 Act.**

11

12

EMERGENCY CLAUSE

13

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

17
