



U.S. Department of Justice

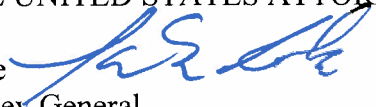
Office of the Deputy Attorney General

The Deputy Attorney General

Washington, D.C. 20530

February 14, 2014

MEMORANDUM FOR ALL UNITED STATES ATTORNEYS

FROM: James M. Cole 
Deputy Attorney General

SUBJECT: Guidance Regarding Marijuana Related Financial Crimes

On August 29, 2013, the Department issued guidance (August 29 guidance) to federal prosecutors concerning marijuana enforcement under the Controlled Substances Act (CSA). The August 29 guidance reiterated the Department's commitment to enforcing the CSA consistent with Congress' determination that marijuana is a dangerous drug that serves as a significant source of revenue to large-scale criminal enterprises, gangs, and cartels. In furtherance of that commitment, the August 29 guidance instructed Department attorneys and law enforcement to focus on the following eight priorities in enforcing the CSA against marijuana-related conduct:

- Preventing the distribution of marijuana to minors;
- Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels;
- Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
- Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
- Preventing violence and the use of firearms in the cultivation and distribution of marijuana;
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
- Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
- Preventing marijuana possession or use on federal property.

Under the August 29 guidance, whether marijuana-related conduct implicates one or more of these enforcement priorities should be the primary question in considering prosecution

under the CSA. Although the August 29 guidance was issued in response to recent marijuana legalization initiatives in certain states, it applies to all Department marijuana enforcement nationwide. The guidance, however, did not specifically address what, if any, impact it would have on certain financial crimes for which marijuana-related conduct is a predicate.

The provisions of the money laundering statutes, the unlicensed money remitter statute, and the Bank Secrecy Act (BSA) remain in effect with respect to marijuana-related conduct. Financial transactions involving proceeds generated by marijuana-related conduct can form the basis for prosecution under the money laundering statutes (18 U.S.C. §§ 1956 and 1957), the unlicensed money transmitter statute (18 U.S.C. § 1960), and the BSA. Sections 1956 and 1957 of Title 18 make it a criminal offense to engage in certain financial and monetary transactions with the proceeds of a “specified unlawful activity,” including proceeds from marijuana-related violations of the CSA. Transactions by or through a money transmitting business involving funds “derived from” marijuana-related conduct can also serve as a predicate for prosecution under 18 U.S.C. § 1960. Additionally, financial institutions that conduct transactions with money generated by marijuana-related conduct could face criminal liability under the BSA for, among other things, failing to identify or report financial transactions that involved the proceeds of marijuana-related violations of the CSA. *See, e.g.*, 31 U.S.C. § 5318(g). Notably for these purposes, prosecution under these offenses based on transactions involving marijuana proceeds does not require an underlying marijuana-related conviction under federal or state law.

As noted in the August 29 guidance, the Department is committed to using its limited investigative and prosecutorial resources to address the most significant marijuana-related cases in an effective and consistent way. Investigations and prosecutions of the offenses enumerated above based upon marijuana-related activity should be subject to the same consideration and prioritization. Therefore, in determining whether to charge individuals or institutions with any of these offenses based on marijuana-related violations of the CSA, prosecutors should apply the eight enforcement priorities described in the August 29 guidance and reiterated above.¹ For example, if a financial institution or individual provides banking services to a marijuana-related business knowing that the business is diverting marijuana from a state where marijuana sales are regulated to ones where such sales are illegal under state law, or is being used by a criminal organization to conduct financial transactions for its criminal goals, such as the concealment of funds derived from other illegal activity or the use of marijuana proceeds to support other illegal activity, prosecution for violations of 18 U.S.C. §§ 1956, 1957, 1960 or the BSA might be appropriate. Similarly, if the financial institution or individual is willfully blind to such activity by, for example, failing to conduct appropriate due diligence of the customers’ activities, such prosecution might be appropriate. Conversely, if a financial institution or individual offers

¹ The Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN) is issuing concurrent guidance to clarify BSA expectations for financial institutions seeking to provide services to marijuana-related businesses. The FinCEN guidance addresses the filing of Suspicious Activity Reports (SAR) with respect to marijuana-related businesses, and in particular the importance of considering the eight federal enforcement priorities mentioned above, as well as state law. As discussed in FinCEN’s guidance, a financial institution providing financial services to a marijuana-related business that it reasonably believes, based on its customer due diligence, does not implicate one of the federal enforcement priorities or violate state law, would file a “Marijuana Limited” SAR, which would include streamlined information. Conversely, a financial institution filing a SAR on a marijuana-related business it reasonably believes, based on its customer due diligence, implicates one of the federal priorities or violates state law, would label the SAR “Marijuana Priority,” and the content of the SAR would include comprehensive details in accordance with existing regulations and guidance.

services to a marijuana-related business whose activities do not implicate any of the eight priority factors, prosecution for these offenses may not be appropriate.

The August 29 guidance rested on the expectation that states that have enacted laws authorizing marijuana-related conduct will implement clear, strong and effective regulatory and enforcement systems in order to minimize the threat posed to federal enforcement priorities. Consequently, financial institutions and individuals choosing to service marijuana-related businesses that are not compliant with such state regulatory and enforcement systems, or that operate in states lacking a clear and robust regulatory scheme, are more likely to risk entanglement with conduct that implicates the eight federal enforcement priorities.² In addition, because financial institutions are in a position to facilitate transactions by marijuana-related businesses that could implicate one or more of the priority factors, financial institutions must continue to apply appropriate risk-based anti-money laundering policies, procedures, and controls sufficient to address the risks posed by these customers, including by conducting customer due diligence designed to identify conduct that relates to any of the eight priority factors. Moreover, as the Department's and FinCEN's guidance are designed to complement each other, it is essential that financial institutions adhere to FinCEN's guidance.³ Prosecutors should continue to review marijuana-related prosecutions on a case-by-case basis and weigh all available information and evidence in determining whether particular conduct falls within the identified priorities.

As with the Department's previous statements on this subject, this memorandum is intended solely as a guide to the exercise of investigative and prosecutorial discretion. This memorandum does not alter in any way the Department's authority to enforce federal law, including federal laws relating to marijuana, regardless of state law. Neither the guidance herein nor any state or local law provides a legal defense to a violation of federal law, including any civil or criminal violation of the CSA, the money laundering and unlicensed money transmitter statutes, or the BSA, including the obligation of financial institutions to conduct customer due diligence. Even in jurisdictions with strong and effective regulatory systems, evidence that particular conduct of a person or entity threatens federal priorities will subject that person or entity to federal enforcement action, based on the circumstances. This memorandum is not intended, does not, and may not be relied upon to create any rights, substantive or procedural, enforceable at law by any party in any matter civil or criminal. It applies prospectively to the exercise of prosecutorial discretion in future cases and does not provide defendants or subjects of enforcement action with a basis for reconsideration of any pending civil action or criminal prosecution. Finally, nothing herein precludes investigation or prosecution, even in the absence of any one of the factors listed above, in particular circumstances where investigation and prosecution otherwise serves an important federal interest.

² For example, financial institutions should recognize that a marijuana-related business operating in a state that has not legalized marijuana would likely result in the proceeds going to a criminal organization.

³ Under FinCEN's guidance, for instance, a marijuana-related business that is not appropriately licensed or is operating in violation of state law presents red flags that would justify the filing of a Marijuana Priority SAR.



Department of the Treasury Financial Crimes Enforcement Network

Guidance

FIN-2014-G001

Issued: February 14, 2014

Subject: BSA Expectations Regarding Marijuana-Related Businesses

The Financial Crimes Enforcement Network (“FinCEN”) is issuing guidance to clarify Bank Secrecy Act (“BSA”) expectations for financial institutions seeking to provide services to marijuana-related businesses. FinCEN is issuing this guidance in light of recent state initiatives to legalize certain marijuana-related activity and related guidance by the U.S. Department of Justice (“DOJ”) concerning marijuana-related enforcement priorities. This FinCEN guidance clarifies how financial institutions can provide services to marijuana-related businesses consistent with their BSA obligations, and aligns the information provided by financial institutions in BSA reports with federal and state law enforcement priorities. This FinCEN guidance should enhance the availability of financial services for, and the financial transparency of, marijuana-related businesses.

Marijuana Laws and Law Enforcement Priorities

The Controlled Substances Act (“CSA”) makes it illegal under federal law to manufacture, distribute, or dispense marijuana.¹ Many states impose and enforce similar prohibitions. Notwithstanding the federal ban, as of the date of this guidance, 20 states and the District of Columbia have legalized certain marijuana-related activity. In light of these developments, U.S. Department of Justice Deputy Attorney General James M. Cole issued a memorandum (the “Cole Memo”) to all United States Attorneys providing updated guidance to federal prosecutors concerning marijuana enforcement under the CSA.² The Cole Memo guidance applies to all of DOJ’s federal enforcement activity, including civil enforcement and criminal investigations and prosecutions, concerning marijuana in all states.

The Cole Memo reiterates Congress’s determination that marijuana is a dangerous drug and that the illegal distribution and sale of marijuana is a serious crime that provides a significant source of revenue to large-scale criminal enterprises, gangs, and cartels. The Cole Memo notes that DOJ is committed to enforcement of the CSA consistent with those determinations. It also notes that DOJ is committed to using its investigative and prosecutorial resources to address the most

¹ Controlled Substances Act, 21 U.S.C. § 801, *et seq.*

² James M. Cole, Deputy Attorney General, U.S. Department of Justice, *Memorandum for All United States Attorneys: Guidance Regarding Marijuana Enforcement* (August 29, 2013), available at <http://www.justice.gov/iso/opa/resources/3052013829132756857467.pdf>.

significant threats in the most effective, consistent, and rational way. In furtherance of those objectives, the Cole Memo provides guidance to DOJ attorneys and law enforcement to focus their enforcement resources on persons or organizations whose conduct interferes with any one or more of the following important priorities (the “Cole Memo priorities”):³

- Preventing the distribution of marijuana to minors;
- Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels;
- Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
- Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
- Preventing violence and the use of firearms in the cultivation and distribution of marijuana;
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
- Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
- Preventing marijuana possession or use on federal property.

Concurrently with this FinCEN guidance, Deputy Attorney General Cole is issuing supplemental guidance directing that prosecutors also consider these enforcement priorities with respect to federal money laundering, unlicensed money transmitter, and BSA offenses predicated on marijuana-related violations of the CSA.⁴

Providing Financial Services to Marijuana-Related Businesses

This FinCEN guidance clarifies how financial institutions can provide services to marijuana-related businesses consistent with their BSA obligations. In general, the decision to open, close, or refuse any particular account or relationship should be made by each financial institution based on a number of factors specific to that institution. These factors may include its particular business objectives, an evaluation of the risks associated with offering a particular product or service, and its capacity to manage those risks effectively. Thorough customer due diligence is a critical aspect of making this assessment.

In assessing the risk of providing services to a marijuana-related business, a financial institution should conduct customer due diligence that includes: (i) verifying with the appropriate state authorities whether the business is duly licensed and registered; (ii) reviewing the license application (and related documentation) submitted by the business for obtaining a state license to operate its marijuana-related business; (iii) requesting from state licensing and enforcement authorities available information about the business and related parties; (iv) developing an understanding of the normal and expected activity for the business, including the types of

³ The Cole Memo notes that these enforcement priorities are listed in general terms; each encompasses a variety of conduct that may merit civil or criminal enforcement of the CSA.

⁴ James M. Cole, Deputy Attorney General, U.S. Department of Justice, *Memorandum for All United States Attorneys: Guidance Regarding Marijuana Related Financial Crimes* (February 14, 2014).

products to be sold and the type of customers to be served (e.g., medical versus recreational customers); (v) ongoing monitoring of publicly available sources for adverse information about the business and related parties; (vi) ongoing monitoring for suspicious activity, including for any of the red flags described in this guidance; and (vii) refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk. With respect to information regarding state licensure obtained in connection with such customer due diligence, a financial institution may reasonably rely on the accuracy of information provided by state licensing authorities, where states make such information available.

As part of its customer due diligence, a financial institution should consider whether a marijuana-related business implicates one of the Cole Memo priorities or violates state law. This is a particularly important factor for a financial institution to consider when assessing the risk of providing financial services to a marijuana-related business. Considering this factor also enables the financial institution to provide information in BSA reports pertinent to law enforcement's priorities. A financial institution that decides to provide financial services to a marijuana-related business would be required to file suspicious activity reports ("SARs") as described below.

Filing Suspicious Activity Reports on Marijuana-Related Businesses

The obligation to file a SAR is unaffected by any state law that legalizes marijuana-related activity. A financial institution is required to file a SAR if, consistent with FinCEN regulations, the financial institution knows, suspects, or has reason to suspect that a transaction conducted or attempted by, at, or through the financial institution: (i) involves funds derived from illegal activity or is an attempt to disguise funds derived from illegal activity; (ii) is designed to evade regulations promulgated under the BSA, or (iii) lacks a business or apparent lawful purpose.⁵ Because federal law prohibits the distribution and sale of marijuana, financial transactions involving a marijuana-related business would generally involve funds derived from illegal activity. Therefore, a financial institution is required to file a SAR on activity involving a marijuana-related business (including those duly licensed under state law), in accordance with this guidance and FinCEN's suspicious activity reporting requirements and related thresholds.

One of the BSA's purposes is to require financial institutions to file reports that are highly useful in criminal investigations and proceedings. The guidance below furthers this objective by assisting financial institutions in determining how to file a SAR that facilitates law enforcement's access to information pertinent to a priority.

"Marijuana Limited" SAR Filings

A financial institution providing financial services to a marijuana-related business that it reasonably believes, based on its customer due diligence, does not implicate one of the Cole Memo priorities or violate state law should file a "Marijuana Limited" SAR. The content of this

⁵ See, e.g., 31 CFR § 1020.320. Financial institutions shall file with FinCEN, to the extent and in the manner required, a report of any suspicious transaction relevant to a possible violation of law or regulation. A financial institution may also file with FinCEN a SAR with respect to any suspicious transaction that it believes is relevant to the possible violation of any law or regulation but whose reporting is not required by FinCEN regulations.

SAR should be limited to the following information: (i) identifying information of the subject and related parties; (ii) addresses of the subject and related parties; (iii) the fact that the filing institution is filing the SAR solely because the subject is engaged in a marijuana-related business; and (iv) the fact that no additional suspicious activity has been identified. Financial institutions should use the term “MARIJUANA LIMITED” in the narrative section.

A financial institution should follow FinCEN’s existing guidance on the timing of filing continuing activity reports for the same activity initially reported on a “Marijuana Limited” SAR.⁶ The continuing activity report may contain the same limited content as the initial SAR, plus details about the amount of deposits, withdrawals, and transfers in the account since the last SAR. However, if, in the course of conducting customer due diligence (including ongoing monitoring for red flags), the financial institution detects changes in activity that potentially implicate one of the Cole Memo priorities or violate state law, the financial institution should file a “Marijuana Priority” SAR.

“Marijuana Priority” SAR Filings

A financial institution filing a SAR on a marijuana-related business that it reasonably believes, based on its customer due diligence, implicates one of the Cole Memo priorities or violates state law should file a “Marijuana Priority” SAR. The content of this SAR should include comprehensive detail in accordance with existing regulations and guidance. Details particularly relevant to law enforcement in this context include: (i) identifying information of the subject and related parties; (ii) addresses of the subject and related parties; (iii) details regarding the enforcement priorities the financial institution believes have been implicated; and (iv) dates, amounts, and other relevant details of financial transactions involved in the suspicious activity. Financial institutions should use the term “MARIJUANA PRIORITY” in the narrative section to help law enforcement distinguish these SARs.⁷

“Marijuana Termination” SAR Filings

If a financial institution deems it necessary to terminate a relationship with a marijuana-related business in order to maintain an effective anti-money laundering compliance program, it should

⁶ Frequently Asked Questions Regarding the FinCEN Suspicious Activity Report (Question #16), *available at*: http://fincen.gov/whatsnew/html/sar_faqs.html (providing guidance on the filing timeframe for submitting a continuing activity report).

⁷ FinCEN recognizes that a financial institution filing a SAR on a marijuana-related business may not always be well-positioned to determine whether the business implicates one of the Cole Memo priorities or violates state law, and thus which terms would be most appropriate to include (i.e., “Marijuana Limited” or “Marijuana Priority”). For example, a financial institution could be providing services to another domestic financial institution that, in turn, provides financial services to a marijuana-related business. Similarly, a financial institution could be providing services to a non-financial customer that provides goods or services to a marijuana-related business (e.g., a commercial landlord that leases property to a marijuana-related business). In such circumstances where services are being provided indirectly, the financial institution may file SARs based on existing regulations and guidance without distinguishing between “Marijuana Limited” and “Marijuana Priority.” Whether the financial institution decides to provide indirect services to a marijuana-related business is a risk-based decision that depends on a number of factors specific to that institution and the relevant circumstances. In making this decision, the institution should consider the Cole Memo priorities, to the extent applicable.

file a SAR and note in the narrative the basis for the termination. Financial institutions should use the term “MARIJUANA TERMINATION” in the narrative section. To the extent the financial institution becomes aware that the marijuana-related business seeks to move to a second financial institution, FinCEN urges the first institution to use Section 314(b) voluntary information sharing (if it qualifies) to alert the second financial institution of potential illegal activity. See *Section 314(b) Fact Sheet* for more information.⁸

Red Flags to Distinguish Priority SARs

The following red flags indicate that a marijuana-related business may be engaged in activity that implicates one of the Cole Memo priorities or violates state law. These red flags indicate only possible signs of such activity, and also do not constitute an exhaustive list. It is thus important to view any red flag(s) in the context of other indicators and facts, such as the financial institution’s knowledge about the underlying parties obtained through its customer due diligence. Further, the presence of any of these red flags in a given transaction or business arrangement may indicate a need for additional due diligence, which could include seeking information from other involved financial institutions under Section 314(b). These red flags are based primarily upon schemes and typologies described in SARs or identified by our law enforcement and regulatory partners, and may be updated in future guidance.

- A customer appears to be using a state-licensed marijuana-related business as a front or pretext to launder money derived from other criminal activity (i.e., not related to marijuana) or derived from marijuana-related activity not permitted under state law. Relevant indicia could include:
 - The business receives substantially more revenue than may reasonably be expected given the relevant limitations imposed by the state in which it operates.
 - The business receives substantially more revenue than its local competitors or than might be expected given the population demographics.
 - The business is depositing more cash than is commensurate with the amount of marijuana-related revenue it is reporting for federal and state tax purposes.
 - The business is unable to demonstrate that its revenue is derived exclusively from the sale of marijuana in compliance with state law, as opposed to revenue derived from (i) the sale of other illicit drugs, (ii) the sale of marijuana not in compliance with state law, or (iii) other illegal activity.
 - The business makes cash deposits or withdrawals over a short period of time that are excessive relative to local competitors or the expected activity of the business.

⁸ Information Sharing Between Financial Institutions: Section 314(b) Fact Sheet, *available at*: http://fincen.gov/statutes_regs/patriot/pdf/314bfactsheet.pdf.

- Deposits apparently structured to avoid Currency Transaction Report (“CTR”) requirements.
 - Rapid movement of funds, such as cash deposits followed by immediate cash withdrawals.
 - Deposits by third parties with no apparent connection to the accountholder.
 - Excessive commingling of funds with the personal account of the business’s owner(s) or manager(s), or with accounts of seemingly unrelated businesses.
 - Individuals conducting transactions for the business appear to be acting on behalf of other, undisclosed parties of interest.
 - Financial statements provided by the business to the financial institution are inconsistent with actual account activity.
 - A surge in activity by third parties offering goods or services to marijuana-related businesses, such as equipment suppliers or shipping servicers.
- The business is unable to produce satisfactory documentation or evidence to demonstrate that it is duly licensed and operating consistently with state law.
 - The business is unable to demonstrate the legitimate source of significant outside investments.
 - A customer seeks to conceal or disguise involvement in marijuana-related business activity. For example, the customer may be using a business with a non-descript name (e.g., a “consulting,” “holding,” or “management” company) that purports to engage in commercial activity unrelated to marijuana, but is depositing cash that smells like marijuana.
 - Review of publicly available sources and databases about the business, its owner(s), manager(s), or other related parties, reveal negative information, such as a criminal record, involvement in the illegal purchase or sale of drugs, violence, or other potential connections to illicit activity.
 - The business, its owner(s), manager(s), or other related parties are, or have been, subject to an enforcement action by the state or local authorities responsible for administering or enforcing marijuana-related laws or regulations.
 - A marijuana-related business engages in international or interstate activity, including by receiving cash deposits from locations outside the state in which the business operates, making or receiving frequent or large interstate transfers, or otherwise transacting with persons or entities located in different states or countries.

- The owner(s) or manager(s) of a marijuana-related business reside outside the state in which the business is located.
- A marijuana-related business is located on federal property or the marijuana sold by the business was grown on federal property.
- A marijuana-related business's proximity to a school is not compliant with state law.
- A marijuana-related business purporting to be a "non-profit" is engaged in commercial activity inconsistent with that classification, or is making excessive payments to its manager(s) or employee(s).

Currency Transaction Reports and Form 8300's

Financial institutions and other persons subject to FinCEN's regulations must report currency transactions in connection with marijuana-related businesses the same as they would in any other context, consistent with existing regulations and with the same thresholds that apply. For example, banks and money services businesses would need to file CTRs on the receipt or withdrawal by any person of more than \$10,000 in cash per day. Similarly, any person or entity engaged in a non-financial trade or business would need to report transactions in which they receive more than \$10,000 in cash and other monetary instruments for the purchase of goods or services on FinCEN Form 8300 (Report of Cash Payments Over \$10,000 Received in a Trade or Business). A business engaged in marijuana-related activity may not be treated as a non-listed business under 31 C.F.R. § 1020.315(e)(8), and therefore, is not eligible for consideration for an exemption with respect to a bank's CTR obligations under 31 C.F.R. § 1020.315(b)(6).

* * * * *

FinCEN's enforcement priorities in connection with this guidance will focus on matters of systemic or significant failures, and not isolated lapses in technical compliance. Financial institutions with questions about this guidance are encouraged to contact FinCEN's Resource Center at (800) 767-2825, where industry questions can be addressed and monitored for the purpose of providing any necessary additional guidance.

Enrolled House Bill 4014

Introduced and printed pursuant to House Rule 12.00. Presession filed (at the request of Joint Interim Committee on Marijuana Legislation)

CHAPTER

AN ACT

Relating to cannabis; creating new provisions; amending ORS 90.396, 305.620, 316.680, 419C.239, 419C.420, 419C.443, 471.001, 471.775, 475.245, 475.752, 475.856, 475.858, 475.860, 475.862, 475.864, 475.898, 475B.015, 475B.063, 475B.070, 475B.075, 475B.090, 475B.100, 475B.110, 475B.150, 475B.160, 475B.185, 475B.218, 475B.235, 475B.245, 475B.250, 475B.255, 475B.340, 475B.375, 475B.415, 475B.420, 475B.428, 475B.435, 475B.443, 475B.450, 475B.705, 475B.710, 475B.760, 475B.800, 809.265 and 813.215 and section 3, chapter 20, Oregon Laws 2015; repealing ORS 475B.120, 475B.285 and 811.481 and sections 173 and 175b, chapter 614, Oregon Laws 2015; and declaring an emergency.

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

LICENSEES AND REGISTRANTS (Producers Licensed by the Oregon Liquor Control Commission)

SECTION 1. 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) 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;

[(d)] (e) 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

[(e)(A)] (f)(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:

(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 *[with respect to marijuana producers]*;

(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.

(Processors Licensed by the Oregon Liquor Control Commission)

SECTION 2. ORS 475B.090 is amended to read:

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

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

(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;

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

(d) 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 processor to annually renew a license issued under this section;

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

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

(d) Require a marijuana processor to meet any public health and safety standards and industry best practices established by the commission by rule related to:

(A) Cannabinoid edibles;

(B) Cannabinoid concentrates;

- (C) Cannabinoid extracts; and
- (D) Any other type of cannabinoid product identified by the commission by rule.
- (4) Fees adopted under subsection (3)(b) of this section:
 - (a) May not exceed, **together with other fees collected under ORS 475B.010 to 475B.395**, the cost of administering ORS 475B.010 to 475B.395 [*with respect to marijuana processors*]; and
 - (b) Shall be deposited in the Marijuana Control and Regulation Fund established under ORS 475B.240.

**(Wholesalers Licensed by the
Oregon Liquor Control Commission)**

SECTION 3. ORS 475B.100 is amended to read:

475B.100. (1) The wholesale sale of marijuana items is subject to regulation by the Oregon Liquor Control Commission.

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

- (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;
- (c) May not be located in an area that is zoned exclusively for residential use; and
- (d) 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 wholesaler to annually renew a license issued under this section;
- (b) Establish application, licensure and renewal of licensure fees for marijuana wholesalers;
- (c) Require marijuana items received, stored or delivered by a marijuana wholesaler to be tested in accordance with ORS 475B.555; and
- (d) Require a marijuana wholesaler to meet any public health and safety standards and industry best practices established by the commission by rule.

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

- (a) May not exceed, **together with other fees collected under ORS 475B.010 to 475B.395**, the cost of administering ORS 475B.010 to 475B.395 [*with respect to marijuana wholesalers*]; and
- (b) Shall be deposited in the Marijuana Control and Regulation Fund established under ORS 475B.240.

**(Retailers Licensed by the
Oregon Liquor Control Commission)**

SECTION 4. ORS 475B.110 is amended to read:

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

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

- (a) Must apply for a license in the manner described in ORS 475B.040;
- (b) [*Must, 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;
- (c) May not be located in an area that is zoned exclusively for residential use;
- (d) May not be located within 1,000 feet of:

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

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

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

(3) The commission shall adopt rules that:

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

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

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

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

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

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

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

(Marijuana Grow Sites Registered with the Oregon Health Authority)

SECTION 5. ORS 475B.420 is amended to read:

475B.420. (1)(a) The Oregon Health Authority shall establish by rule a marijuana grow site registration system to track and regulate the production of marijuana by a registry identification cardholder or a person designated by the registry identification cardholder to produce marijuana for the registry identification cardholder.

(b) Except as provided in paragraph (c) of this subsection, a person may not produce marijuana unless the person is registered under this section.

(c) Paragraph (b) of this subsection does not apply to the production of marijuana as provided in ORS 475B.010 to 475B.395 or as otherwise provided for by the statutory laws of this state.

(2) Rules adopted under this section must require an applicant for a registry identification card, or a registry identification cardholder who produces marijuana or who designates another person to produce marijuana, to submit an application to the authority containing the following information at the time of making an application under ORS 475B.415 (2), renewing a registry identification card under ORS 475B.415 (6)(b), or notifying the authority of a change under ORS 475B.415 (6)(a):

(a) The name of the person responsible for the marijuana grow site;

(b) [*Proof, until January 1, 2020, that the person responsible for the marijuana grow site has been a resident of this state for two or more years, and*] Proof that the person is 21 years of age or older;

(c) The address of the marijuana grow site; and

(d) Any other information that the authority considers necessary to track the production of marijuana under ORS 475B.400 to 475B.525.

(3)(a) The authority shall conduct a criminal records check under ORS 181A.195 of any person whose name is submitted under this section as the person responsible for a marijuana grow site.

(b) A person convicted of a Class A or Class B felony under ORS 475.752 to 475.920 for the manufacture or delivery of a controlled substance in Schedule I or Schedule II may not act as or be designated a person responsible for a marijuana grow site for two years from the date of conviction.

(c) A person convicted more than once of a Class A or Class B felony under ORS 475.752 to 475.920 for the manufacture or delivery of a controlled substance in Schedule I or Schedule II may not act as or be designated a person responsible for a marijuana grow site.

(4) Subject to subsection (11) of this section, the authority shall issue a marijuana grow site registration card if the requirements of subsections (2) and (3) of this section are met.

(5) A person who holds a marijuana grow site registration card under this section must display the card at the marijuana grow site at all times.

(6) A marijuana grow site registration card must be obtained and posted for each registry identification cardholder for whom marijuana is being produced at a marijuana grow site.

(7)(a) All seeds, immature marijuana plants, mature marijuana plants and usable marijuana associated with the production of marijuana for a registry identification cardholder by a person responsible for a marijuana grow site are the property of the registry identification cardholder.

(b) All seeds, immature marijuana plants, mature marijuana plants and usable marijuana associated with the production of marijuana for a registry identification cardholder by a person responsible for a marijuana grow site must be transferred to the registry identification cardholder upon the request of the registry identification cardholder.

(c) All usable marijuana associated with the production of marijuana for a registry identification cardholder by a person responsible for a marijuana grow site must be transferred to a marijuana processing site upon the request of the registry identification cardholder. For purposes of this paragraph, a request to transfer usable marijuana constitutes an assignment of the right to possess the usable marijuana.

(d) All seeds, immature marijuana plants and usable marijuana associated with the production of marijuana for a registry identification cardholder by a person responsible for a marijuana grow site must be transferred to a medical marijuana dispensary upon request of the registry identification cardholder. For purposes of this paragraph, a request to transfer seeds, immature marijuana plants or usable marijuana constitutes an assignment of the right to possess the seeds, immature marijuana plants or usable marijuana.

(e) Information related to transfers made under this subsection must be submitted to the authority in the manner required by ORS 475B.423.

(8) A registry identification cardholder, or the designated caregiver of a registry identification cardholder, may reimburse a person responsible for a marijuana grow site for all costs associated with the production of marijuana for the registry identification cardholder.

(9) The authority may inspect:

(a) The marijuana grow site of a person designated to produce marijuana by a registry identification cardholder to ensure compliance with this section and ORS 475B.423 and 475B.428 and any rule adopted under this section and ORS 475B.423 and 475B.428; and

(b) The records of the marijuana grow site of a person designated to produce marijuana by a registry identification cardholder to ensure compliance with this section and ORS 475B.423 and any rule adopted under this section and ORS 475B.423.

(10) The authority may refuse to register a registry identification cardholder or a designee under this section or may suspend or revoke the registration of a person responsible for a marijuana grow site if the authority determines that the applicant or the person responsible for a marijuana grow site violated a provision of ORS 475B.400 to 475B.525, a rule adopted under ORS 475B.400 to 475B.525 or an ordinance adopted pursuant to ORS 475B.500.

(11) The authority may require a person responsible for a marijuana grow site, prior to issuing a marijuana grow site registration card under subsection (4) of this section, to pay a fee reasonably calculated to pay costs incurred under this section and ORS 475B.423 and 475B.458.

**(Processors Registered with the
Oregon Health Authority)**

SECTION 6. ORS 475B.435 is amended to read:

475B.435. (1)(a) The Oregon Health Authority shall establish by rule a marijuana processing site registration system to track and regulate the processing of marijuana by a person responsible for a marijuana processing site.

(b) Except as provided in paragraph (c) of this subsection, a person may not process marijuana unless the person is registered under this section.

(c) Paragraph (b) of this subsection does not apply to the processing of marijuana as provided in ORS 475B.010 to 475B.395 or as otherwise provided for by the statutory laws of this state.

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

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

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

(c) The address of the marijuana processing site;

(d) *[Proof, until January 1, 2020, that each individual responsible for the marijuana processing site has been a resident of this state for two or more years, and]* Proof that each individual responsible for the marijuana processing site is 21 years of age or older;

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

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

(3) To qualify for registration under this section, a marijuana processing site:

(a) May not be located in an area that is zoned for residential use if the marijuana processing site processes cannabinoid extracts;

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

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

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

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

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

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

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

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

(8) The authority may inspect:

(a) The premises of a proposed marijuana processing site or a registered marijuana processing site to ensure compliance with this section and ORS 475B.438 and 475B.440 and any rules adopted under this section and ORS 475B.438 and 475B.440; and

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

(9) Subject to the provisions of ORS chapter 183, the authority may refuse to register an applicant under this section or may suspend or revoke the registration of a marijuana processing site if

the authority determines that the applicant, the owner of the marijuana processing site, a person responsible for the marijuana processing site, or an employee of the marijuana processing site, violated a provision of ORS 475B.400 to 475B.525, a rule adopted under ORS 475B.400 to 475B.525 or an ordinance adopted pursuant to ORS 475B.500.

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

(a) Require a registered marijuana processing site to annually renew the registration for that site;

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

(c) Require that medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts transferred by a marijuana processing site be tested to ensure the public health and safety; and

(d) Impose any other standard on the operation of a marijuana processing site to ensure the public health and safety.

SECTION 7. ORS 475B.443 is amended to read:

475B.443. (1) A marijuana processing site may not transfer medical cannabinoid products, cannabinoid concentrates or cannabinoid extracts to a person other than [a registry identification cardholder, a designated primary caregiver] **another marijuana processing site** or a medical marijuana dispensary.

(2) A person other than a marijuana processing site may not transfer medical cannabinoid products, cannabinoid concentrates or cannabinoid extracts to a medical marijuana dispensary.

(Medical Marijuana Dispensaries Registered with the Oregon Health Authority)

SECTION 8. ORS 475B.450 is amended to read:

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

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

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

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

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

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

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

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

(c) The address of the medical marijuana dispensary;

(d) [Proof, until January 1, 2020, that each individual responsible for the medical marijuana dispensary has been a resident of this state for two or more years, and] Proof that each individual responsible for the medical marijuana dispensary is 21 years of age or older;

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

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

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

- (a) May not be located in an area that is zoned for residential use;
 - (b) May not be located at the same address as a marijuana grow site;
 - (c) Must be registered as a business, or have filed an application to register as a business, with the office of the Secretary of State;
 - (d) May not be located within 1,000 feet of:
 - (A) A public elementary or secondary school for which attendance is compulsory under ORS 339.020; or
 - (B) A private or parochial elementary or secondary school, teaching children as described in ORS 339.030 (1)(a);
 - (e) Must not be located within 1,000 feet of another medical marijuana dispensary; and
 - (f) Must meet the requirements of any rule adopted by the authority under subsection (10) of this section.
- (4)(a) The authority shall conduct a criminal records check under ORS 181A.195 for each individual named in an application submitted under subsection (2) of this section.
- (b) An individual convicted for the manufacture or delivery of a controlled substance in Schedule I or Schedule II may not own or be responsible for a medical marijuana dispensary for two years from the date the individual is convicted.
- (c) An individual convicted more than once for the manufacture or delivery of a controlled substance in Schedule I or Schedule II may not own or be responsible for a medical marijuana dispensary.
- (5) If a person submits the application required under subsection (2) of this section, if the medical marijuana dispensary identified in the application meets the requirements of this section and any rules adopted under this section and if each individual named in the application passes the criminal records check required under subsection (4) of this section, the authority shall register the medical marijuana dispensary and issue proof of registration. Proof of registration must be displayed on the premises of the medical marijuana dispensary at all times.
- (6) A medical marijuana dispensary that is registered under this section is not required to register with the State Board of Pharmacy under ORS 475.125.
- (7) The individual or individuals responsible for a medical marijuana dispensary shall maintain documentation of each transfer of usable marijuana, medical cannabinoid products, cannabinoid concentrates, cannabinoid extracts, immature marijuana plants and seeds.
- (8) The authority may inspect:
- (a) The premises of a proposed medical marijuana dispensary or a registered medical marijuana dispensary to ensure compliance with this section and ORS 475B.453 and any rules adopted under this section or ORS 475B.453; and
 - (b) The records of a registered medical marijuana dispensary to ensure compliance with subsection (7) of this section.
- (9) Subject to the provisions of ORS chapter 183, the authority may refuse to register an applicant under this section or may suspend or revoke the registration of a medical marijuana dispensary if the authority determines that the applicant, the owner of the medical marijuana dispensary, a person responsible for the medical marijuana dispensary, or an employee of the medical marijuana dispensary, violated a provision of ORS 475B.400 to 475B.525, a rule adopted under ORS 475B.400 to 475B.525 or an ordinance adopted pursuant to ORS 475B.500.
- (10) The authority shall adopt rules to implement this section, including rules that:
- (a) Require a registered medical marijuana dispensary to annually renew the registration for that dispensary;
 - (b) Establish fees for registering, and renewing the registration of, a medical marijuana dispensary;
 - (c) Require that each medical marijuana dispensary install and maintain a minimum security system that includes video surveillance, an alarm system and a safe;

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

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

**(Registry Identification Cardholders
and Designated Primary Caregivers)**

SECTION 9. ORS 475B.415 is amended to read:

475B.415. (1) The Oregon Health Authority shall establish a program for the issuance of registry identification cards to applicants who meet the requirements of this section.

(2) The authority shall issue a registry identification card to an applicant who is 18 years of age or older if the applicant pays a fee in an amount established by the authority by rule and submits to the authority an application containing the following information:

(a) Written documentation from the applicant's attending physician stating that the attending physician has diagnosed the applicant as having a debilitating medical condition and that the medical use of marijuana may mitigate the symptoms or effects of the applicant's debilitating medical condition;

(b) The name, address and date of birth of the applicant;

(c) The name, address and telephone number of the applicant's attending physician;

(d) Proof of residency, [as] **submitted in a form** required by the authority by rule;

(e) The name and address of the applicant's designated primary caregiver, if the applicant is designating a primary caregiver under ORS 475B.418; and

(f) The information described in ORS 475B.420 (2), if the applicant is applying to produce marijuana or designate another person under ORS 475B.420 to produce marijuana.

(3)(a) The authority shall issue a registry identification card to an applicant who is under 18 years of age if:

(A) The applicant pays the fee and submits the application described in subsection (2) of this section; and

(B) The custodial parent or legal guardian who is responsible for the health care decisions of the applicant signs and submits to the authority a written statement that:

(i) The applicant's attending physician has explained to the applicant and to the custodial parent or legal guardian the possible risks and benefits of the medical use of marijuana;

(ii) The custodial parent or legal guardian consents to the medical use of marijuana by the applicant;

(iii) The custodial parent or legal guardian agrees to serve as the applicant's designated primary caregiver; and

(iv) The custodial parent or legal guardian agrees to control the acquisition, dosage and frequency of the medical use of marijuana by the applicant.

(b) An applicant who is under 18 years of age may not apply to produce marijuana under subsection (2)(f) of this section.

(4) The authority shall:

(a) **On the date on which the authority receives an application described in subsection (2) of this section, issue a receipt to the applicant verifying that the authority received an application under subsection (2) or (3) of this section; and**

(b) Approve or deny an application **received under subsection (2) or (3) of this section** within 30 days after receiving the application.

(5)(a) If the authority approves an application, the authority shall issue a serially numbered registry identification card to the applicant within five days after approving the application. The registry identification card must include the following information:

(A) The registry identification cardholder's name, address and date of birth;

(B) The issuance date and expiration date of the registry identification card;
(C) If the registry identification cardholder designated a primary caregiver under ORS 475B.418, the name and address of the registry identification cardholder's designated primary caregiver; and
(D) Any other information required by the authority by rule.

(b) If the registry identification cardholder designated a primary caregiver under ORS 475B.418, the authority shall issue an identification card to the designated primary caregiver. The identification card must contain the information required by paragraph (a) of this subsection.

(6) A registry identification cardholder shall:

(a) In a form and manner prescribed by the authority, notify the authority of any change concerning the registry identification cardholder's:

(A) Name, address or attending physician;

(B) Designated primary caregiver, including the designation of a primary caregiver made at a time other than at the time of applying for or renewing a registry identification card; or

(C) Person responsible for a marijuana grow site, including the designation of a person responsible for a marijuana grow site made at a time other than at the time of applying for or renewing a registry identification card.

(b) Annually renew the registry identification card by paying a fee in an amount established by the authority by rule and submitting to the authority an application that contains the following information:

(A) Updated written documentation from the registry identification cardholder's attending physician stating that the registry identification cardholder still has a debilitating medical condition and that the medical use of marijuana may mitigate the symptoms or effects of the registry identification cardholder's debilitating medical condition;

(B) The information described in subsection (2)(b) to (f) of this section; and

(C) If the registry identification cardholder is under 18 years of age, a statement signed by the custodial parent or legal guardian of the registry identification cardholder that meets the requirements of subsection (3) of this section.

(7) The authority shall:

(a) On the date on which the authority receives an application described in subsection (2) of this section, issue a receipt to the applicant verifying that the authority received an application under subsection (6)(b) of this section; and

(b) Approve or deny an application received under subsection (6)(b) of this section within 30 days after receiving the application.

~~[(7)(a)]~~ **(8)(a)** If the registry identification cardholder's attending physician determines that the registry identification cardholder no longer has a debilitating medical condition, or determines that the medical use of marijuana is contraindicated for the registry identification cardholder's debilitating medical condition, the registry identification cardholder shall return the registry identification card to the authority within 30 calendar days after receiving notice of the determination.

(b) If, because of circumstances beyond the control of the registry identification cardholder, a registry identification cardholder is unable to obtain a second medical opinion about the registry identification cardholder's continuing eligibility for the medical use of marijuana before having to return the registry identification card to the authority, the authority may grant the registry identification cardholder additional time to obtain a second medical opinion.

~~[(8)(a)]~~ **(9)(a)** The authority may deny an application for a registry identification card or an application to renew a registry identification card, or may suspend or revoke a registry identification card, if:

(A) The applicant or registry identification cardholder does not provide the information required by this section;

(B) The authority determines that the applicant or registry identification cardholder provided false information; or

(C) The authority determines that the applicant or registry identification cardholder violated a provision of ORS 475B.400 to 475B.525 or a rule adopted under ORS 475B.400 to 475B.525.

(b) If a registry identification card is revoked, any associated identification card issued under subsection (5)(b) of this section, or marijuana grow site registration card issued under ORS 475B.420 (6), shall also be revoked.

(c) A person whose application is denied, or whose registry identification card is revoked, under this subsection may not reapply for a registry identification card for six months from the date of the denial or revocation unless otherwise authorized by the authority.

~~[(9)(a)]~~ **(10)(a)** The authority may deny a designation of a primary caregiver made under ORS 475B.418, or suspend or revoke an associated identification card issued under subsection (5)(b) of this section, if the authority determines that the designee or the registry identification cardholder violated a provision of ORS 475B.400 to 475B.525 or a rule adopted under ORS 475B.400 to 475B.525.

(b) A person whose designation has been denied, or whose identification card has been revoked, under this subsection may not be designated as a primary caregiver under ORS 475B.418 for six months from the date of the denial or revocation unless otherwise authorized by the authority.

~~[(10)]~~ **(11)** Notwithstanding subsection (2) or (6)(b) of this section, if an applicant for a registry identification card, or a registry identification cardholder applying for renewal of a registry identification card, submits to the authority proof of having served in the Armed Forces of the United States ~~[and of having been diagnosed with post-traumatic stress disorder]~~, the authority may not impose a fee that is greater than \$20 for the issuance or renewal of the registry identification card.

(12) For any purpose described in ORS 475B.400 to 475B.525, including exemption from criminal liability under ORS 475B.475, a receipt issued by the authority verifying that an application has been submitted to the authority under subsection (2), (3) or (6)(b) of this section has the same legal effect as a registry identification card for 30 days following the date on which the receipt was issued to the applicant.

MATURE MARIJUANA PLANT GROW CANOPIES

SECTION 10. ORS 475B.075 is amended to read:

475B.075. (1) Subject to subsection (2) 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 applying for a license under ORS 475B.070 and to whom a license has been 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.

APPLICATION PROCESS FOR OREGON

LIQUOR CONTROL COMMISSION LICENSEES

SECTION 11. ORS 475B.063 is amended to read:

475B.063. (1) Prior to *[the issuance of]* **receiving** a license under ORS 475B.070, 475B.090, 475B.100 or 475B.110, *[the Oregon Liquor Control Commission]* **an applicant** shall request a land use compatibility statement from the city or county that authorizes the land use. The land use compatibility statement must demonstrate that the requested license is for a land use that is allowable as a permitted or conditional use within the given zoning designation where the land is located. The **Oregon Liquor Control** Commission may not issue a license if the land use compatibility statement shows that the proposed land use is prohibited in the applicable zone.

(2) **Except as provided in subsection (3) of this section**, a city or county that receives a request for a land use compatibility statement under this section must act on that request within 21 days of:

- (a) Receipt of the request, if the land use is allowable as an outright permitted use; or
- (b) Final local permit approval, if the land use is allowable as a conditional use.

(3) A city or county that receives a request for a land use compatibility statement under this section is not required to act on that request during the period that the commission discontinues licensing those premises pursuant to ORS 475B.800 (4)(b).

[(3)] (4) A city or county action concerning a land use compatibility statement under this section is not a land use decision for purposes of ORS chapter 195, 196, 197, *[or]* 215 **or 227.**

RESEARCH

SECTION 12. ORS 475B.235 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 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 under this section may transfer limited amounts of marijuana, usable marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts to another person

certified 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.

[(5)] (6) A person certified 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 *[rules adopted by the commission under subsection (3)(e) of]* this section **and rules adopted by the commission under this section.**

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

[(7)] (8) A person who is certified under this section, and an employee of or other person who performs work for a person certified 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.

WORK PERMITS

SECTION 13. ORS 475B.218 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) The content of ORS 475B.010 to 475B.395 and rules adopted under ORS 475B.010 to 475B.395;

and

- (E) Any matter deemed necessary by the commission to protect the public health and safety.
- (b) The commission or other provider of the course may charge a reasonable fee for the course.
- (c) The commission may not require an individual to successfully complete the 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 *[the manufacture or delivery of marijuana]* **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.

DELEGATION OF AUTHORITY

SECTION 14. Section 15 of this 2016 Act is added to and made a part of ORS 475B.010 to 475B.395.

SECTION 15. Except for the power to adopt rules, the Oregon Liquor Control Commission may delegate to the administrator appointed under ORS 471.720 any of the commission's functions, duties and powers as prescribed by ORS 475B.010 to 475B.395, 475B.400 to 475B.525, 475B.550 to 475B.590, 475B.600 to 475B.655 and 475B.800 or any other law of the state related to the regulation of marijuana items.

AUTHORITY TO REQUIRE FINGERPRINTS

SECTION 16. (1) Section 17 of this 2016 Act is added to and made a part of ORS 475B.010 to 475B.395.

(2) Section 18 of this 2016 Act is added to and made a part of ORS 475B.550 to 475B.590.

SECTION 17. For the purpose of requesting a state or nationwide criminal records check under ORS 181A.195, the Oregon Liquor Control Commission may require the fingerprints of any individual listed on an application submitted under ORS 475B.218.

SECTION 18. For the purpose of requesting a state or nationwide criminal records check under ORS 181A.195, the Oregon Liquor Control Commission may require the fingerprints of any individual listed on an application submitted under ORS 475B.560.

REGULATORY SPECIALISTS

SECTION 19. ORS 471.001 is amended to read:

471.001. As used in this chapter and ORS chapter 473:

(1) "Alcoholic beverage" and "alcoholic liquor" mean any liquid or solid containing more than one-half of one percent alcohol by volume and capable of being consumed by a human being.

(2) "Commercial establishment" means a place of business:

(a) Where food is cooked and served;

(b) That has kitchen facilities adequate for the preparation and serving of meals;

(c) That has dining facilities adequate for the serving and consumption of meals; and

(d) That:

(A) If not a for-profit private club, serves meals to the general public; or

(B) If a for-profit private club, serves meals to the club's members and guests and complies with any minimum membership and food service requirements established by Oregon Liquor Control Commission rules.

(3) "Commission" means the Oregon Liquor Control Commission.

(4) "Distilled liquor" means any alcoholic beverage other than a wine, cider or malt beverage. "Distilled liquor" includes distilled spirits.

(5) "Licensee" means any person holding a license issued under this chapter.

(6)(a) "Malt beverage" means an alcoholic beverage obtained by the fermentation of grain that contains not more than 14 percent alcohol by volume.

(b) “Malt beverage” includes:

(A) Beer, ale, porter, stout and similar alcoholic beverages containing not more than 14 percent alcohol by volume;

(B) Malt beverages containing six percent or less alcohol by volume and that contain at least 51 percent alcohol by volume obtained by the fermentation of grain, as long as not more than 49 percent of the beverage’s overall alcohol content is obtained from flavors and other added nonbeverage ingredients containing alcohol; and

(C) Malt beverages containing more than six percent alcohol by volume that derive not more than 1.5 percent of the beverage’s overall alcohol content by volume from flavors and other added nonbeverage ingredients containing alcohol.

(c) “Malt beverage” does not include cider or an alcoholic beverage obtained primarily by fermentation of rice, such as sake.

(7) “Manufacturer” means every person who produces, brews, ferments, manufactures or blends an alcoholic beverage within this state or who imports or causes to be imported into this state an alcoholic beverage for sale or distribution within the state.

(8) “Permittee” means a person holding a permit issued under ORS 471.360 to 471.390.

(9) “Premises” or “licensed premises” means a location licensed under this chapter and includes all enclosed areas at the location that are used in the business operated at the location, including offices, kitchens, rest rooms and storerooms, including all public and private areas where patrons are permitted to be present. “Premises” or “licensed premises” includes areas outside of a building that the commission has specifically designated as approved for alcoholic beverage service or consumption.

(10) “Regulatory specialist” means a full-time employee of the commission who is authorized to act as an agent of the commission in conducting inspections or investigations, making arrests and seizures, aiding in prosecutions for offenses, issuing citations for violations and otherwise enforcing this chapter, ORS 474.005 to 474.095 [and], 474.115, **475B.010 to 475B.395, 475B.550 to 475B.590 and 475B.600 to 475B.655**, commission rules and any other statutes the commission considers related to regulating liquor, [or] marijuana **or marijuana-derived products**.

(11) “Wine” means any fermented vinous liquor or fruit juice, or other fermented beverage fit for beverage purposes that is not a malt beverage, containing more than one-half of one percent of alcohol by volume and not more than 21 percent of alcohol by volume. “Wine” includes fortified wine. “Wine” does not include cider.

SECTION 20. ORS 471.775 is amended to read:

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

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

(3) **A regulatory specialist may not:**

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

(b) **Carry a firearm;**

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

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

EXEMPTION FROM PUBLIC DISCLOSURE

SECTION 21. Section 22 of this 2016 Act is added to and made a part of ORS 475B.010 to 475B.395.

SECTION 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 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 under ORS 475B.070, 475B.090, 485B.100 or 475B.110; 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.

(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.

EXCESS USABLE MARIJUANA PRODUCED WITHIN MARIJUANA GROW SITE POSSESSION LIMITS

SECTION 23. ORS 475B.428 is amended to read:

475B.428. (1) Subject to subsection (2) of this section, a registry identification cardholder and the designated primary caregiver of the registry identification cardholder may jointly possess six or fewer mature marijuana plants.

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

(b) A person who is designated to produce marijuana by a registry identification cardholder may produce no more than six mature marijuana plants *[per]* **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 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, 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.

(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 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, 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.

(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 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 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 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.

~~[(7)]~~ (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 a number of mature marijuana plants in excess of the quantities specified in this section, the law enforcement officer may confiscate only the excess number of mature marijuana plants.

MEDICAL MARIJUANA BUSINESSES APPLYING TO BE LICENSED BY THE OREGON LIQUOR CONTROL COMMISSION

SECTION 24. Section 25 of this 2016 Act is added to and made a part of ORS 475B.010 to 475B.395.

SECTION 25. (1) The Oregon Liquor Control Commission shall adopt by rule procedures by which:

(a) A person responsible for a marijuana grow site registered under ORS 475B.420, or, if multiple persons responsible for a marijuana grow site registered under ORS 475B.420 are located at the same address, each person responsible for a marijuana grow site located at the address, may apply for a license under ORS 475B.070 to transition from being registered by the Oregon Health Authority to being licensed by the commission;

(b) A marijuana processing site registered under ORS 475B.435 may apply for a license under ORS 475B.090 to transition from being registered by the authority to being licensed by the commission; and

(c) A medical marijuana dispensary registered under ORS 475B.450 may apply for a license under ORS 475B.110 to transition from being registered by the authority to being licensed by the commission.

(2)(a) In adopting rules under this section, the commission shall adopt, at a minimum, procedures by which the inventory possessed by a person responsible for a marijuana grow site, a marijuana processing site or a medical marijuana dispensary on the date on which the

person responsible for a marijuana grow site, the marijuana processing site or the medical marijuana dispensary is first subject to tracking by the commission under ORS 475B.150:

(A) May be delivered to a premises for which a license has been issued under ORS 475B.090, 475B.100 or 475B.110; or

(B) May be sold to consumers by marijuana retailers that hold a license under ORS 475B.110.

(b) Procedures adopted under this subsection must require a person responsible for a marijuana grow site registered under ORS 475B.420, or, if multiple persons responsible for a marijuana grow site registered under ORS 475B.420 are located at the same address, each person responsible for a marijuana grow site located at the address, to return to an individual to whom a registry identification card has been issued under ORS 475B.415, and for whom the person or persons are producing marijuana, all the marijuana and usable marijuana owned by the individual, except as otherwise allowed under a personal agreement entered into under ORS 475B.425, at the time that the person or the persons receive a license under ORS 475B.070.

TAXATION OF CANNABIS AND CANNABIS PRODUCTS

SECTION 26. ORS 475B.705 is amended to read:

475B.705. (1) A tax is hereby imposed upon the retail sale of marijuana items in this state. The tax imposed by this section is a direct tax on the consumer, for which payment upon retail sale is required *[to achieve convenience and facility in the collection and administration of the tax]*. The tax shall be collected at the point of sale of a marijuana item by a marijuana retailer at the time at which the retail sale occurs.

(2) The tax imposed under this section shall be imposed at the rate of:

(a) 17 percent of the retail sales price of marijuana leaves;

(b) 17 percent of the retail sales price of marijuana flowers;

(c) 17 percent of the retail sales price of immature marijuana plants;

(d) 17 percent of the retail sales price of a cannabinoid edible;

(e) 17 percent of the retail sales price of a cannabinoid concentrate;

(f) 17 percent of the retail sales price of a cannabinoid extract;

(g) 17 percent of the retail sales price of a cannabinoid product that is intended to be used by applying the cannabinoid product to the skin or hair; and

(h) 17 percent of the retail sales price of cannabinoid products other than those described in paragraph (g) of this subsection.

(3) If the tax imposed under this section does not equal an amount calculable to a whole cent, the tax shall be equal to the next higher whole cent.

(4) **Except as otherwise provided by the Department of Revenue by rule**, the amount of the tax shall be separately stated on an invoice, receipt or other similar document that the marijuana retailer provides to the consumer, *or shall be otherwise disclosed to the consumer.* **at the time at which the retail sale occurs.**

(5) A person may not knowingly sell, purchase, install, transfer or possess **electronic devices** or software programs *[or other electronic devices intended to hide or to remove records of retail sales of marijuana items or to falsify records of retail sales of marijuana items.]* **for the purposes of:**

(a) **Hiding or removing records of retail sales of marijuana items; or**

(b) **Falsifying records of retail sales of marijuana items.**

(6)(a) A marijuana retailer may not discount a marijuana item or offer a marijuana item for free if the retail sale of the marijuana item is made in conjunction with the retail sale of any other item.

(b) Paragraph (a) of this subsection does not affect any provision of ORS 475B.010 to 475B.395 or any rule adopted by the Oregon Liquor Control Commission pursuant to ORS 475B.010 to 475B.395 that is related to the retail sale of marijuana items.

SECTION 27. ORS 475B.710 is amended to read:

475B.710. (1) Except as otherwise provided in ORS 475B.700 to 475B.760, the tax imposed upon the consumer under ORS 475B.705 shall be collected at the point of sale and remitted by each marijuana retailer that engages in the retail sale of marijuana items. The tax is *[considered]* a tax upon the marijuana retailer that is required to collect the tax, and the marijuana retailer is *[considered]* a taxpayer.

(2) The marijuana retailer shall *[submit]* **file** a return to the Department of Revenue on or before the last day of January, April, July and October of each year for the previous calendar quarter.

(3) The marijuana retailer shall pay the tax to the department in the form and manner prescribed by the department, but not later than with each quarterly return, without regard to *[extensions]* **an extension granted** under subsection (5) of this section.

(4) Marijuana retailers shall file the returns required under this section regardless of whether any tax is owed.

(5) **For good cause**, the department *[for good cause]* may extend the time for *[making any]* **filing** a return under this section. The extension may be granted at any time if a written request is filed with the department during or prior to the period for which the extension may be granted. The department may not grant an extension of more than 30 days.

(6) Interest shall be added at the rate established under ORS 305.220 for each month, or fraction of a month, from the time the return was originally required to be filed to the time of payment.

(7) If a marijuana retailer fails to file a return or pay the tax as required by this section, the department shall impose a penalty in the manner provided in ORS 314.400.

[(7)] **(8)** Except as provided in subsections *[(8) and]* **(9) and (10)** of this section, the period prescribed for the department to allow or make a refund of any overpayment of tax paid under ORS 475B.700 to 475B.760 *[shall be]* **is** as provided in ORS 314.415.

[(8)(a)] **(9)(a)** The department shall first apply any overpayment of tax **by a marijuana retailer** to any marijuana tax that is *[then]* **owed by the marijuana retailer**.

(b) If after any offset against any delinquent amount the overpayment of tax remains greater than \$1,000, the *[entire]* **remaining** refund shall be applied as a credit against the next subsequent calendar quarter as an estimated payment.

[(9)] **(10)** The department may not make a refund of, or credit, any overpayment of tax under ORS 475B.700 to 475B.760 that was credited to the account of a marijuana retailer under subsection *[(8)(b)]* **(9)(b)** of this section if the return for that tax period is not filed within three years after the due date of that return.

SECTION 28. ORS 316.680 is amended to read:

316.680. (1) There shall be subtracted from federal taxable income:

(a) The interest or dividends on obligations of the United States and its territories and possessions or of any authority, commission or instrumentality of the United States to the extent includable in gross income for federal income tax purposes but exempt from state income taxes under the laws of the United States. However, the amount subtracted under this paragraph shall be reduced by any interest on indebtedness incurred to carry the obligations or securities described in this paragraph, and by any expenses incurred in the production of interest or dividend income described in this paragraph to the extent that such expenses, including amortizable bond premiums, are deductible in determining federal taxable income.

(b) The amount of any federal income taxes accrued by the taxpayer during the taxable year as described in ORS 316.685, less the amount of any refunds of federal taxes previously accrued for which a tax benefit was received.

(c) Amounts allowable under sections 2621(a)(2) and 2622(b) of the Internal Revenue Code to the extent that the taxpayer does not elect under section 642(g) of the Internal Revenue Code to reduce federal taxable income by those amounts.

(d) Any supplemental payments made to JOBS Plus Program participants under ORS 411.892.

(e)(A) Federal pension income that is attributable to federal employment occurring before October 1, 1991. Federal pension income that is attributable to federal employment occurring before

October 1, 1991, shall be determined by multiplying the total amount of federal pension income for the tax year by the ratio of the number of months of federal creditable service occurring before October 1, 1991, over the total number of months of federal creditable service.

(B) The subtraction allowed under this paragraph applies only to federal pension income received at a time when:

(i) Benefit increases provided under chapter 569, Oregon Laws 1995, are in effect; or

(ii) Public Employees Retirement System benefits received for service prior to October 1, 1991, are exempt from state income tax.

(C) As used in this paragraph:

(i) "Federal creditable service" means those periods of time for which a federal employee earned a federal pension.

(ii) "Federal pension" means any form of retirement allowance provided by the federal government, its agencies or its instrumentalities to retirees of the federal government or their beneficiaries.

(f) Any amount included in federal taxable income for the tax year that is attributable to the conversion of a regular individual retirement account into a Roth individual retirement account described in section 408A of the Internal Revenue Code, to the extent that:

(A) The amount was subject to the income tax of another state or the District of Columbia in a prior tax year; and

(B) The taxpayer was a resident of the other state or the District of Columbia for that prior tax year.

(g) Any amounts awarded to the taxpayer by the Public Safety Memorial Fund Board under ORS 243.954 to 243.974 to the extent that the taxpayer has not taken the amount as a deduction in determining the taxpayer's federal taxable income for the tax year.

(h) If included in taxable income for federal tax purposes, the amount withdrawn during the tax year in qualified withdrawals from a savings network account for higher education established under ORS 178.300 to 178.355.

[(i) Any federal deduction that the taxpayer would have been allowed for the production, processing or sale of marijuana items authorized under ORS 475B.010 to 475B.395 but for section 280E of the Internal Revenue Code.]

[(j)] (i) If included in taxable income for federal tax purposes, any distributions from an ABLE account that do not exceed the qualified disability expenses of the designated beneficiary as provided in ORS 178.375 and 178.380 and rules adopted by the Oregon 529 Savings Board.

(2) There shall be added to federal taxable income:

(a) Interest or dividends, exempt from federal income tax, on obligations or securities of any foreign state or of a political subdivision or authority of any foreign state. However, the amount added under this paragraph shall be reduced by any interest on indebtedness incurred to carry the obligations or securities described in this paragraph and by any expenses incurred in the production of interest or dividend income described in this paragraph.

(b) Interest or dividends on obligations of any authority, commission, instrumentality and territorial possession of the United States that by the laws of the United States are exempt from federal income tax but not from state income taxes. However, the amount added under this paragraph shall be reduced by any interest on indebtedness incurred to carry the obligations or securities described in this paragraph and by any expenses incurred in the production of interest or dividend income described in this paragraph.

(c) The amount of any federal estate taxes allocable to income in respect of a decedent not taxable by Oregon.

(d) The amount of any allowance for depletion in excess of the taxpayer's adjusted basis in the property depleted, deducted on the taxpayer's federal income tax return for the taxable year, pursuant to sections 613, 613A, 614, 616 and 617 of the Internal Revenue Code.

(e) For taxable years beginning on or after January 1, 1985, the dollar amount deducted under section 151 of the Internal Revenue Code for personal exemptions for the taxable year.

(f) The amount taken as a deduction on the taxpayer's federal return for unused qualified business credits under section 196 of the Internal Revenue Code.

(g) The amount of any increased benefits paid to a taxpayer under chapter 569, Oregon Laws 1995, under the provisions of chapter 796, Oregon Laws 1991, and under section 26, chapter 815, Oregon Laws 1991, that is not includable in the taxpayer's federal taxable income under the Internal Revenue Code.

(h) The amount of any long term care insurance premiums paid or incurred by the taxpayer during the tax year if:

(A) The amount is taken into account as a deduction on the taxpayer's federal return for the tax year; and

(B) The taxpayer claims the credit allowed under ORS 315.610 for the tax year.

(i) Any amount taken as a deduction under section 1341 of the Internal Revenue Code in computing federal taxable income for the tax year, if the taxpayer has claimed a credit for claim of right income repayment adjustment under ORS 315.068.

(j) If the taxpayer makes a nonqualified withdrawal, as defined in ORS 178.300, from a savings network account for higher education established under ORS 178.300 to 178.355, the amount of the withdrawal that is attributable to contributions that were subtracted from federal taxable income under ORS 316.699.

(k) If the taxpayer makes a distribution from an ABLE account that is not a qualified disability expense of the designated beneficiary as provided in ORS 178.375 and 178.380 and rules adopted by the Oregon 529 Savings Board, the amount of the distribution that is attributable to contributions that were subtracted from federal taxable income under ORS 316.699.

(3) Discount and gain or loss on retirement or disposition of obligations described under subsection (2)(a) of this section issued on or after January 1, 1985, shall be treated for purposes of this chapter in the same manner as under sections 1271 to 1283 and other pertinent sections of the Internal Revenue Code as if the obligations, although issued by a foreign state or a political subdivision of a foreign state, were not tax exempt under the Internal Revenue Code.

SECTION 28a. ORS 316.680, as amended by section 28 of this 2016 Act, is amended to read:

316.680. (1) There shall be subtracted from federal taxable income:

(a) The interest or dividends on obligations of the United States and its territories and possessions or of any authority, commission or instrumentality of the United States to the extent includable in gross income for federal income tax purposes but exempt from state income taxes under the laws of the United States. However, the amount subtracted under this paragraph shall be reduced by any interest on indebtedness incurred to carry the obligations or securities described in this paragraph, and by any expenses incurred in the production of interest or dividend income described in this paragraph to the extent that such expenses, including amortizable bond premiums, are deductible in determining federal taxable income.

(b) The amount of any federal income taxes accrued by the taxpayer during the taxable year as described in ORS 316.685, less the amount of any refunds of federal taxes previously accrued for which a tax benefit was received.

(c) Amounts allowable under sections 2621(a)(2) and 2622(b) of the Internal Revenue Code to the extent that the taxpayer does not elect under section 642(g) of the Internal Revenue Code to reduce federal taxable income by those amounts.

(d) Any supplemental payments made to JOBS Plus Program participants under ORS 411.892.

(e)(A) Federal pension income that is attributable to federal employment occurring before October 1, 1991. Federal pension income that is attributable to federal employment occurring before October 1, 1991, shall be determined by multiplying the total amount of federal pension income for the tax year by the ratio of the number of months of federal creditable service occurring before October 1, 1991, over the total number of months of federal creditable service.

(B) The subtraction allowed under this paragraph applies only to federal pension income received at a time when:

(i) Benefit increases provided under chapter 569, Oregon Laws 1995, are in effect; or

(ii) Public Employees Retirement System benefits received for service prior to October 1, 1991, are exempt from state income tax.

(C) As used in this paragraph:

(i) "Federal creditable service" means those periods of time for which a federal employee earned a federal pension.

(ii) "Federal pension" means any form of retirement allowance provided by the federal government, its agencies or its instrumentalities to retirees of the federal government or their beneficiaries.

(f) Any amount included in federal taxable income for the tax year that is attributable to the conversion of a regular individual retirement account into a Roth individual retirement account described in section 408A of the Internal Revenue Code, to the extent that:

(A) The amount was subject to the income tax of another state or the District of Columbia in a prior tax year; and

(B) The taxpayer was a resident of the other state or the District of Columbia for that prior tax year.

(g) Any amounts awarded to the taxpayer by the Public Safety Memorial Fund Board under ORS 243.954 to 243.974 to the extent that the taxpayer has not taken the amount as a deduction in determining the taxpayer's federal taxable income for the tax year.

(h) If included in taxable income for federal tax purposes, the amount withdrawn during the tax year in qualified withdrawals from a savings network account for higher education established under ORS 178.300 to 178.355.

(i) Any federal deduction that the taxpayer would have been allowed for the production, processing or sale of marijuana items authorized under ORS 475B.010 to 475B.395 or 475B.400 to 475B.525 but for section 280E of the Internal Revenue Code.

[(i)] (j) If included in taxable income for federal tax purposes, any distributions from an ABLE account that do not exceed the qualified disability expenses of the designated beneficiary as provided in ORS 178.375 and 178.380 and rules adopted by the Oregon 529 Savings Board.

(2) There shall be added to federal taxable income:

(a) Interest or dividends, exempt from federal income tax, on obligations or securities of any foreign state or of a political subdivision or authority of any foreign state. However, the amount added under this paragraph shall be reduced by any interest on indebtedness incurred to carry the obligations or securities described in this paragraph and by any expenses incurred in the production of interest or dividend income described in this paragraph.

(b) Interest or dividends on obligations of any authority, commission, instrumentality and territorial possession of the United States that by the laws of the United States are exempt from federal income tax but not from state income taxes. However, the amount added under this paragraph shall be reduced by any interest on indebtedness incurred to carry the obligations or securities described in this paragraph and by any expenses incurred in the production of interest or dividend income described in this paragraph.

(c) The amount of any federal estate taxes allocable to income in respect of a decedent not taxable by Oregon.

(d) The amount of any allowance for depletion in excess of the taxpayer's adjusted basis in the property depleted, deducted on the taxpayer's federal income tax return for the taxable year, pursuant to sections 613, 613A, 614, 616 and 617 of the Internal Revenue Code.

(e) For taxable years beginning on or after January 1, 1985, the dollar amount deducted under section 151 of the Internal Revenue Code for personal exemptions for the taxable year.

(f) The amount taken as a deduction on the taxpayer's federal return for unused qualified business credits under section 196 of the Internal Revenue Code.

(g) The amount of any increased benefits paid to a taxpayer under chapter 569, Oregon Laws 1995, under the provisions of chapter 796, Oregon Laws 1991, and under section 26, chapter 815, Oregon Laws 1991, that is not includable in the taxpayer's federal taxable income under the Internal Revenue Code.

(h) The amount of any long term care insurance premiums paid or incurred by the taxpayer during the tax year if:

(A) The amount is taken into account as a deduction on the taxpayer's federal return for the tax year; and

(B) The taxpayer claims the credit allowed under ORS 315.610 for the tax year.

(i) Any amount taken as a deduction under section 1341 of the Internal Revenue Code in computing federal taxable income for the tax year, if the taxpayer has claimed a credit for claim of right income repayment adjustment under ORS 315.068.

(j) If the taxpayer makes a nonqualified withdrawal, as defined in ORS 178.300, from a savings network account for higher education established under ORS 178.300 to 178.355, the amount of the withdrawal that is attributable to contributions that were subtracted from federal taxable income under ORS 316.699.

(k) If the taxpayer makes a distribution from an ABLE account that is not a qualified disability expense of the designated beneficiary as provided in ORS 178.375 and 178.380 and rules adopted by the Oregon 529 Savings Board, the amount of the distribution that is attributable to contributions that were subtracted from federal taxable income under ORS 316.699.

(3) Discount and gain or loss on retirement or disposition of obligations described under subsection (2)(a) of this section issued on or after January 1, 1985, shall be treated for purposes of this chapter in the same manner as under sections 1271 to 1283 and other pertinent sections of the Internal Revenue Code as if the obligations, although issued by a foreign state or a political subdivision of a foreign state, were not tax exempt under the Internal Revenue Code.

SECTION 29. (1) The amendments to ORS 316.680 by section 28 of this 2016 Act apply to conduct occurring on or after July 1, 2015, and before January 1, 2016, and to tax years ending before January 1, 2016.

(2) The amendments to ORS 316.680 by section 28a of this 2016 Act apply to conduct occurring on or after January 1, 2016, and to tax years beginning on or after January 1, 2016.

LOCAL CONTROL

(Local Repeal of Ordinances that Prohibit the Establishment of Marijuana-Related Businesses)

SECTION 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 under ORS 475B.070;**
- (d) Marijuana processors licensed under ORS 475B.090;**
- (e) Marijuana wholesalers licensed under ORS 475B.100;**
- (f) Marijuana retailers licensed under ORS 475B.110; or**
- (g) 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.

(Effective Date of Opt-In Ordinances)

Adopted Pursuant to Referral)

SECTION 31. ORS 475B.800 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 under ORS 475B.070;
- (d) Marijuana processors licensed under ORS 475B.090;
- (e) Marijuana wholesalers licensed under ORS 475B.100;
- (f) Marijuana retailers licensed under ORS 475B.110; or
- (g) 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.

(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) 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.

~~[(5)]~~ (6) 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.

~~[(6)]~~ (7) 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.

~~[(7)]~~ (8) 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.

**(Intergovernmental Agreements Between Cities
and Counties and the Department of Revenue)**

SECTION 32. ORS 305.620 is amended to read:

305.620. (1) Any state agency or department may enter into agreements with any political subdivision of this state for the collection, enforcement, administration and distribution of local taxes of the political subdivision imposed upon or measured by gross or net income, wages or net earnings from self-employment, [or] local general sales and use taxes **or taxes imposed under ORS 475B.345.**

(2) The department or agency shall prescribe the rules by which the agreements entered into under subsection (1) of this section are administered.

(3) The department or agency shall prescribe the rules by which the taxes described by subsection (1) of this section are administered, collected, enforced and distributed.

(4) A political subdivision may appear as an intervenor at any conference held by the Department of Revenue or conference, hearing or proceeding held by another department or agency in connection with a local tax administered by the department or agency. The political subdivision may be represented by its own counsel. The department or agency shall adopt rules governing the procedures to be followed by the political subdivision in making an appearance.

(5) Costs incurred by the department or agency in the administration, enforcement, collection and distribution of taxes under the agreements entered into under subsection (1) of this section shall be first deducted from the taxes collected before distribution is made to the political subdivision which is a party to the agreement.

(6) The Oregon Tax Court shall have exclusive jurisdiction to review determinations of the Department of Revenue or orders of another department or agency relating to the collection, enforcement, administration and distribution of local taxes under agreements entered into under subsection (1) of this section.

(7) A proceeding for refund or to set aside additional taxes or taxes assessed when no return was filed may be initiated before the state agency or department.

(8) An appeal from a determination or an order may be taken by the taxpayer or by the political subdivision whose taxes are in issue, by filing a complaint with the clerk of the Oregon Tax Court at its principal office in Salem, Oregon, within 60 days after the notice of the determination of the Department of Revenue or the order of the department or agency is sent to the taxpayer or the political subdivision. The filing of the complaint in the Oregon Tax Court shall constitute perfection of the appeal. Service of the taxpayer's complaint shall be accomplished by the clerk of the tax court by filing a copy of the complaint with the administrative head of the department or agency and a copy with the political subdivision. Service of the political subdivision's complaint shall be accomplished by the clerk of the tax court by filing a copy of the complaint with the administrative head of the department or agency and mailing a copy of the complaint to the taxpayer. The complaint of a taxpayer shall be entitled in the name of the person filing as plaintiff and the department or agency as defendant. The complaint of a political subdivision shall be entitled in the name of the political subdivision as plaintiff and the taxpayer and the department or agency as defendants. A copy of the order of the department or agency shall be attached to the complaint. All procedures shall be in accordance with ORS 305.405 to 305.494.

(Personal Use and Possession)

SECTION 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 under ORS 475B.428 (1); or

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

AGREEMENTS WITH FEDERALLY RECOGNIZED INDIAN TRIBES

SECTION 34. Section 35 of this 2016 Act is added to and made a part of ORS 475B.010 to 475B.395.

SECTION 35. (1) The Governor, or the Governor’s designee, may enter into an agreement with the governing body of a federally recognized Indian tribe located in this state for the purpose of cross-jurisdictional coordination and enforcement of marijuana-related businesses licensed to conduct business on tribal trust land by the governing body of the federally recognized Indian tribe.

(2) An agreement entered into under this section:

(a) May provide for the cross-jurisdictional coordination and enforcement of marijuana producers, marijuana processors, marijuana wholesalers, marijuana retailers and marijuana testing laboratories licensed by the governing body of the federally recognized Indian tribe.

(b) May require the governing body of the federally recognized Indian tribe to establish the same or similar requirements on marijuana producers, marijuana processors, marijuana wholesalers, marijuana retailers and marijuana testing laboratories that are consistent with the policies set forth in:

(A) ORS 475B.010 to 475B.395;

(B) ORS 475B.550 to 475B.590; and

(C) ORS 475B.600 to 475B.655.

(c) Must ensure enforceable public health and safety standards and include a system to regulate and track the purchase, sale, production, processing, transportation and delivery of marijuana items for marijuana producers, marijuana processors, marijuana wholesalers, marijuana retailers and marijuana testing laboratories that are licensed by the governing body of the federally recognized Indian tribe.

(d) May authorize an agency of this state to assist in the implementation and enforcement of the terms of the agreement.

CRIMES

(Home Use and Possession)

SECTION 36. ORS 475B.245 is amended to read:

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

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

(2) To the possession or storage of usable marijuana items at a household by one or more persons 21 years of age or older, if the total amount of usable marijuana at the household does not exceed eight ounces of usable marijuana at any time.

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

[(3)] (4) To the making, processing, **possession** or storage of [*homemade*] cannabinoid products at a household by one or more persons 21 years of age and older, if the total amount of [*homemade*] cannabinoid products at the household does not exceed 72 ounces in liquid form at any time.

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

(6) To the possession of cannabinoid extracts at a household by one or more persons 21 years of age or older, if the cannabinoid extracts were purchased from a marijuana retailer that holds a license under ORS 475B.110, or transferred by a medical marijuana dispensary registered by the Oregon Health Authority under ORS 475B.450, and the total amount of cannabinoid extracts at the household does not exceed one ounce at any time.

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

[(6)] (8) To the delivery of not more than 16 ounces of [*homemade*] cannabinoid products in solid form at a time by a person 21 years of age or older to another person 21 years of age or older for noncommercial purposes.

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

[(8)] (10) To the delivery of not more than 16 ounces of cannabinoid concentrates at a time by a person 21 years of age or older to another person 21 years of age or older for noncommercial purposes.

SECTION 37. ORS 475B.250 is amended to read:

475B.250. (1) A person may not produce, process, **possess** or store homegrown marijuana, [*or homemade*] cannabinoid products or cannabinoid concentrates if the homegrown marijuana, [*or homemade*] cannabinoid products or cannabinoid concentrates can be [*readily*] seen by normal unaided vision from a public place.

(2) A person may not possess or store a cannabinoid extract if the cannabinoid extract can be seen by normal unaided vision from a public place.

[(2)] (3) A violation of subsection (1) **or** (2) of this section is a Class B violation.

SECTION 38. ORS 475B.255 is amended to read:

475B.255. A person **other than a person that holds a license under ORS 475B.090** may not [*produce,*] process [*or store homemade*] cannabinoid extracts **into a cannabinoid product.**

(Importing and Exporting)

SECTION 39. ORS 475B.185 is amended to read:

475B.185. (1) A [*licensee or licensee representative*] **person** may not import marijuana items into this state or export marijuana items from this state.

(2) Except as provided in subsection (3) of this section, a violation of this section is a Class B violation.

[(2)] (3) A violation of [subsection (1) of] this section is a:

(a) Class C felony, if the importation or exportation:

(A) Is for consideration[; or] and the person holds a license under ORS 475B.070, 475B.090, 475B.100 or 475B.110; or

(B) Concerns usable marijuana and the importation or exportation exceeds 16 ounces of usable marijuana.

(b) Class A misdemeanor, if the importation or exportation:

(A) Is not for consideration[.] and the person holds a license under ORS 475B.070, 475B.090, 475B.100 or 475B.110; or

(B) Concerns usable marijuana and the importation or exportation exceeds one ounce of usable marijuana.

(Uniform Controlled Substances Act)

SECTION 40. Sections 41 and 47 of this 2016 Act are added to and made a part of ORS 475.752 to 475.980.

SECTION 41. As used in ORS 475.856, 475.858, 475.860, 475.862 and 475.864 and section 47 of this 2016 Act, “cannabinoid concentrate,” “cannabinoid extract,” “cannabinoid product,” “homegrown,” “licensee,” “licensee representative,” “marijuana retailer,” “public place” and “usable marijuana” have the meanings given those terms in ORS 475B.015.

SECTION 42. ORS 475.856 is amended to read:

475.856. [(1) As used in this section, “homegrown,” “household,” “license” and “licensee representative” have the meanings given those terms in ORS 475B.015.]

[(2)] (1) Except for licensees and licensee representatives that are engaged in lawful activities, and except for a person acting within the scope of and in compliance with ORS 475B.245, it is unlawful for any person to manufacture marijuana.

[(3)] (2) Unlawful manufacture of marijuana is a Class C felony.

[(4)] (3) Notwithstanding subsection [(3)] (2) of this section, unlawful manufacture of marijuana is a:

(a) Class B misdemeanor, if a person 21 years of age or older manufactures homegrown marijuana at a household and the total number of homegrown marijuana plants at the household exceeds four marijuana plants but does not exceed eight marijuana plants.

(b) Class B felony, if a person manufactures a cannabinoid extract.

SECTION 43. ORS 475.858 is amended to read:

475.858. (1) Except for licensees and licensee representatives that are engaged in lawful activities, and except for a person acting within the scope of and in compliance with ORS 475B.245, it is unlawful for any person to manufacture marijuana within 1,000 feet of the real property comprising a public or private elementary, secondary or career school attended primarily by minors.

(2) Unlawful manufacture of marijuana within 1,000 feet of a school is a Class [A] C felony.

[(3) This section does not apply to:]

[(a) A licensee or licensee representative, as those terms are defined in ORS 475B.015, that is engaged in lawful activities; or]

[(b) A person acting within the scope of and in compliance with ORS 475B.245.]

(3) Notwithstanding subsection (2) of this section, unlawful manufacture of marijuana within 1,000 feet of a school is a:

(a) Class B felony, if a person manufactures homegrown marijuana at a household and the total number of homegrown marijuana plants at the household exceeds eight marijuana plants.

(b) Class A felony, if a person manufactures a cannabinoid extract.

SECTION 44. ORS 475.860 is amended to read:

475.860. (1) Except for licensees and licensee representatives[, *as those terms are defined in ORS 475B.015,*] that are engaged in lawful activities, and except for a person acting within the scope of and in compliance with ORS 475B.245, it is unlawful for any person to deliver marijuana.

(2) Unlawful delivery of marijuana is a Class A misdemeanor.

(3) Notwithstanding subsection (2) of this section, unlawful delivery of marijuana is a **Class C felony**, if:

(a) A person who is at least 21 years of age delivers the marijuana to a person who is under 18 years of age.

(b) A person delivers marijuana extracts that were not purchased from a marijuana retailer that holds a license under ORS 475B.110.

(4) Notwithstanding subsection (3)(a) of this section, unlawful delivery of marijuana is a **Class A misdemeanor** if a person who is under 24 years of age delivers, for no consideration, less than one ounce of usable marijuana to a person who is at least 16 years of age.

[(a) Class A violation, if the delivery is for no consideration and consists of less than one avoirdupois ounce of the dried leaves, stems and flowers of the plant Cannabis family Moraceae; or]

[(b) Violation, if the delivery is for no consideration and consists of less than five grams of the dried leaves, stems and flowers of the plant Cannabis family Moraceae. A violation under this paragraph is a specific fine violation. The presumptive fine for a violation under this paragraph is \$650.]

[(4) Notwithstanding subsections (2) and (3) of this section, unlawful delivery of marijuana is a Class C felony, if the delivery is to a person under 18 years of age and the defendant is at least 21 years of age.]

SECTION 45. ORS 475.862 is amended to read:

475.862. (1) **Except for licensees and licensee representatives that are engaged in lawful activities, and except for a person acting within the scope of and in compliance with ORS 475B.245,** it is unlawful for any person to deliver marijuana within 1,000 feet of the real property comprising a public or private elementary, secondary or career school attended primarily by minors.

(2) Unlawful delivery of marijuana within 1,000 feet of a school is a Class [A] C felony.

[(3) This section does not apply to:]

[(a) A licensee or licensee representative, as those terms are defined in ORS 475B.015, that is engaged in lawful activities; or]

[(b) A person acting within the scope of and in compliance with ORS 475B.245.]

(3) **Notwithstanding subsection (2) of this section, unlawful delivery of marijuana within 1,000 feet of a school is a:**

(a) **Class B felony**, if a person who is at least 21 years of age delivers the marijuana to a person who is under 18 years of age.

(b) **Class B felony**, if a person delivers marijuana extracts that were not purchased from a marijuana retailer that holds a license under ORS 475B.110.

(c) **Class A misdemeanor**, if a person who is under 18 years of age delivers the marijuana for no consideration to a person who is under 18 years of age.

SECTION 46. ORS 475.864 is amended to read:

475.864. *[(1) As used in subsections (2) to (4) of this section:]*

[(a) "Marijuana" means the leaves, stems and flowers of the plant Cannabis family Moraceae.]

[(b) "Marijuana product" has the meaning given the term "marijuana" in ORS 475.005 (16), but does not include the leaves, stems and flowers of the plant Cannabis family Moraceae.]

[(2) It is unlawful for any person under 21 years of age knowingly or intentionally to possess marijuana or marijuana product.]

[(3)(a) Unlawful possession of more than eight avoirdupois ounces of marijuana by a person under 21 years of age is a Class A misdemeanor.]

[(b) Unlawful possession of more than one avoirdupois ounce of marijuana, but less than eight avoirdupois ounces, by a person under 21 years of age is a Class B misdemeanor.]

[(c) Unlawful possession of one avoirdupois ounce or less of marijuana by a person under 21 years of age is a specific fine violation. The presumptive fine for a violation under this paragraph is \$650.]

[(4)(a) Unlawful possession of more than 16 avoirdupois ounces of marijuana product in a solid form or more than 72 ounces of marijuana product in a liquid form by a person under 21 years of age is a Class A misdemeanor.]

[(b) Unlawful possession of 16 avoirdupois ounces or less of marijuana product in a solid form or 72 ounces or less of marijuana product in a liquid form by a person under 21 years of age is a Class B misdemeanor.]

[(5) As used in subsections (6) to (8) of this section, “cannabinoid concentrate,” “cannabinoid extract,” “cannabinoid product,” “licensee,” “licensee representative,” “marijuana,” “marijuana retailer,” “public place” and “usable marijuana” have the meanings given those terms in ORS 475B.015.]

[(6)] (1) Except for licensees and licensee representatives acting in accordance with ORS 475B.010 to 475B.395, and any rule adopted under ORS 475B.010 to 475B.395, it is unlawful for any person 21 years of age or older knowingly or intentionally to possess:

(a) An amount of marijuana plants in excess of the amount of marijuana plants allowed under ORS 475B.245 (1).

[(a)] (b) More than one ounce of usable marijuana in a public place.

[(b)] (c) More than eight ounces of usable marijuana.

[(c)] (d) More than 16 ounces of cannabinoid products in solid form or cannabinoid concentrates.

[(d)] (e) More than 72 ounces of cannabinoid products in liquid form.

[(e)] (f) More than one ounce of cannabinoid extracts.

[(f)] (g) A cannabinoid extract that was not purchased from a marijuana retailer that holds a license under ORS 475B.110.

[(7)] (2) A violation of subsection [(6)(a)] (1)(a) to [(e)] (f) of this section is a:

(a) Class A misdemeanor, if the amount possessed is more than four times the applicable maximum amount specified in subsection [(6)(a)] (1)(a) to [(e)] (f) of this section;

(b) Class B misdemeanor, if the amount possessed is more than two times, but not more than four times, the applicable maximum amount specified in subsection [(6)(a)] (1)(a) to [(e)] (f) of this section; or

(c) Class B violation, if the amount possessed is not more than two times the applicable maximum amount specified in subsection [(6)(a)] (1)(a) to [(e)] (f) of this section.

[(8)] (3) A violation of subsection [(6)(f)] (1)(g) of this section is a:

(a) Class C felony, if the amount possessed is more than one-quarter ounce of [the] cannabinoid extract; or

(b) Class B misdemeanor, if the amount possessed is not more than one-quarter ounce of [the] cannabinoid extract.

SECTION 47. (1) Except for licensees and licensee representatives acting in accordance with ORS 475B.010 to 475B.395, and any rule adopted under ORS 475B.010 to 475B.395, it is unlawful for any person under 21 years of age to knowingly or intentionally possess:

(a) An amount of marijuana plants in excess of the amount of marijuana plants allowed under ORS 475B.245 (1).

(b) More than one ounce of usable marijuana in a public place.

(c) More than eight ounces of usable marijuana.

(d) More than 16 ounces of cannabinoid products in solid form or cannabinoid concentrates.

(e) More than 72 ounces of cannabinoid products in liquid form.

(f) More than one ounce of cannabinoid extracts.

(g) A cannabinoid extract that was not purchased from a marijuana retailer that holds a license under ORS 475B.110.

(2) A violation of this section is a Class A misdemeanor.

(Motor Vehicle Use)

SECTION 48. Section 49 of this 2016 Act is added to and made a part of the Oregon Vehicle Code.

SECTION 49. (1) As used in this section:

(a) “Consumes” includes the inhalation of smoke from a marijuana item by a driver or passenger of a motor vehicle.

(b) “Marijuana item” has the meaning given that term in ORS 475B.015.

(2) A person commits the offense of use of marijuana in a motor vehicle if the person consumes in any manner a marijuana item while in a motor vehicle when the motor vehicle is upon a highway.

(3) This section does not apply to passengers in a motor vehicle that is operated by a common carrier and used primarily to carry passengers for hire.

(4) Use of marijuana in a motor vehicle, is a Class B traffic violation.

CONDITIONS OF RELEASE AND DIVERSION

SECTION 50. Section 51 of this 2016 Act is added to and made a part of ORS chapter 137.

SECTION 51. (1) As used in this section, “cannabinoid concentrate,” “cannabinoid extract,” “medical cannabinoid product,” “registry identification card” and “usable marijuana” have the meanings given those terms in ORS 475B.410.

(2) Notwithstanding ORS 137.540, the conditions of supervision of a person who holds a registry identification card and is sentenced to probation related to the use of usable marijuana, medical cannabinoid products, cannabinoid concentrates or cannabinoid extracts must be imposed in the same manner as the conditions of supervision of a person sentenced to probation related to prescription drugs.

SECTION 52. Section 53 of this 2016 Act is added to and made a part of ORS chapter 144.

SECTION 53. (1) As used in this section, “cannabinoid concentrate,” “cannabinoid extract,” “medical cannabinoid product,” “registry identification card” and “usable marijuana” have the meanings given those terms in ORS 475B.410.

(2) Notwithstanding ORS 144.102 and 144.270, the conditions of supervision of a person who holds a registry identification card and is released from prison or jail to post-prison supervision or parole related to the use of usable marijuana, medical cannabinoid products, cannabinoid concentrates or cannabinoid extracts must be imposed in the same manner as the conditions of supervision of a person sentenced to probation related to prescription drugs.

SECTION 53a. Section 53b of this 2016 Act is added to and made a part of ORS 135.230 to 135.290.

SECTION 53b. (1) As used in this section, “cannabinoid concentrate,” “cannabinoid extract,” “medical cannabinoid product,” “registry identification card” and “usable marijuana” have the meanings given those terms in ORS 475B.410.

(2) Notwithstanding ORS 135.245, the conditions of release of a person who holds a registry identification card and is released from custody related to the use of usable marijuana, medical cannabinoid products, cannabinoid concentrates or cannabinoid extracts must be imposed in the same manner as conditions of release of a person released from custody related to prescription drugs.

SECTION 53c. Section 53d of this 2016 Act is added to and made a part of ORS 135.881 to 135.901.

SECTION 53d. (1) As used in this section, “cannabinoid concentrate,” “cannabinoid extract,” “medical cannabinoid product,” “registry identification card” and “usable marijuana” have the meanings given those terms in ORS 475B.410.

(2) Notwithstanding ORS 135.891, the conditions of diversion of a person who holds a registry identification card and enters into a diversion agreement related to the use of usable marijuana, medical cannabinoid products, cannabinoid concentrates or cannabinoid extracts

must be imposed in the same manner as the conditions of diversion of a person who enters into a diversion agreement related to prescription drugs.

SECTION 53e. Section 53f of this 2016 Act is added to and made a part of ORS 135.230 to 135.290.

SECTION 53f. (1) As used in this section, “cannabinoid concentrate,” “cannabinoid extract,” “medical cannabinoid product,” “registry identification card” and “usable marijuana” have the meanings given those terms in ORS 475B.410.

(2) Notwithstanding any other provision of ORS 135.230 to 135.290, the conditions of a release agreement of a person who holds a registry identification card and is released before judgment related to the use of usable marijuana, medical cannabinoid products, cannabinoid concentrates or cannabinoid extracts must be imposed in the same manner as the conditions of a release agreement of a person who is released before judgment related to the use of prescription drugs.

TECHNICAL CHANGES AND CONFORMING AMENDMENTS (Operative March 1, 2016)

SECTION 54. ORS 90.396 is amended to read:

90.396. (1) Except as provided in subsection (2) of this section, after at least 24 hours’ written notice specifying the acts and omissions constituting the cause and specifying the date and time of the termination, the landlord may terminate the rental agreement and take possession as provided in ORS 105.105 to 105.168, if:

(a) The tenant, someone in the tenant’s control or the tenant’s pet seriously threatens to inflict substantial personal injury, or inflicts any substantial personal injury, upon a person on the premises other than the tenant;

(b) The tenant or someone in the tenant’s control recklessly endangers a person on the premises other than the tenant by creating a serious risk of substantial personal injury;

(c) The tenant, someone in the tenant’s control or the tenant’s pet inflicts any substantial personal injury upon a neighbor living in the immediate vicinity of the premises;

(d) The tenant or someone in the tenant’s control intentionally inflicts any substantial damage to the premises or the tenant’s pet inflicts substantial damage to the premises on more than one occasion;

(e)(A) The tenant intentionally provided substantial false information on the application for the tenancy within the past year;

(B) The false information was with regard to a criminal conviction of the tenant that would have been material to the landlord’s acceptance of the application; and

(C) The landlord terminates the rental agreement within 30 days after discovering the falsity of the information; or

(f) The tenant, someone in the tenant’s control or the tenant’s pet commits any act that is outrageous in the extreme, on the premises or in the immediate vicinity of the premises. For purposes of this paragraph, an act is outrageous in the extreme if the act is not described in paragraphs (a) to (e) of this subsection, but is similar in degree and is one that a reasonable person in that community would consider to be so offensive as to warrant termination of the tenancy within 24 hours, considering the seriousness of the act or the risk to others. An act that is outrageous in the extreme is more extreme or serious than an act that warrants a 30-day termination under ORS 90.392. Acts that are “outrageous in the extreme” include, but are not limited to, the following acts by a person:

(A) Prostitution, commercial sexual solicitation or promoting prostitution, as described in ORS 167.007, 167.008 and 167.012;

(B) Manufacture, delivery or possession of a controlled substance, as described in ORS 475.005, but not including:

(i) The medical use of marijuana in compliance with ORS 475B.400 to 475B.525; **or**

[(ii) Possession of, or delivery for no consideration of, less than one avoirdupois ounce of marijuana as described in ORS 475.860 (3) or 475.864 (3); or]

[(iii)] (ii) Possession of prescription drugs;

(C) Intimidation, as described in ORS 166.155 and 166.165; or

(D) Burglary as described in ORS 164.215 and 164.225.

(2) If the cause for a termination notice given pursuant to subsection (1) of this section is based upon the acts of the tenant's pet, the tenant may cure the cause and avoid termination of the tenancy by removing the pet from the premises prior to the end of the notice period. The notice must describe the right of the tenant to cure the cause. If the tenant returns the pet to the premises at any time after having cured the violation, the landlord, after at least 24 hours' written notice specifying the subsequent presence of the offending pet, may terminate the rental agreement and take possession as provided in ORS 105.105 to 105.168. The tenant does not have a right to cure this subsequent violation.

(3) For purposes of subsection (1) of this section, someone is in the tenant's control if that person enters or remains on the premises with the tenant's permission or consent after the tenant reasonably knows or should know of that person's act or likelihood to commit any act of the type described in subsection (1) of this section.

(4) An act can be proven to be outrageous in the extreme even if the act is one that does not violate a criminal statute. Notwithstanding the references to criminal statutes in subsection (1)(f) of this section, the landlord's burden of proof in an action for possession under subsection (1) of this section is the civil standard of proof by a preponderance of the evidence.

(5) If a good faith effort by a landlord to terminate the tenancy under subsection (1)(f) of this section and to recover possession of the rental unit under ORS 105.105 to 105.168 fails by decision of the court, the landlord may not be found in violation of any state statute or local ordinance requiring the landlord to remove that tenant upon threat of fine, abatement or forfeiture as long as the landlord continues to make a good faith effort to terminate the tenancy.

SECTION 55. ORS 419C.239 is amended to read:

419C.239. (1) A formal accountability agreement shall:

(a) Be completed within a period of time not to exceed one year;

(b) Be voluntarily entered into by all parties;

(c) Be revocable by the youth at any time by a written revocation;

(d) Be revocable by the juvenile department in the event the department has reasonable cause to believe the youth has failed to carry out the terms of the formal accountability agreement or has committed a subsequent offense;

(e) Not be used as evidence against the youth at any adjudicatory hearing;

(f) Be executed in writing and expressed in language understandable to the persons involved;

(g) Be signed by the juvenile department, the youth, the youth's parent or parents or legal guardian, and the youth's counsel, if any;

(h) Become part of the youth's juvenile department record; and

(i) When the youth has been charged with having committed the youth's first violation of a provision under ORS 475.860 [(3)(b) or 475.864 (3)(c)] and unless the juvenile department determines that it would be inappropriate in the particular case:

(A) Require the youth to participate in a diagnostic assessment and an information or treatment program as recommended by the assessment. The agencies or organizations providing assessment or programs of information or treatment must be the same as those designated by the court under ORS 419C.443 (1) and must meet the standards set by the Director of the Oregon Health Authority. The parent of the youth shall pay the cost of the youth's participation in the program based upon the ability of the parent to pay.

(B) Monitor the youth's progress in the program which shall be the responsibility of the diagnostic assessment agency or organization. It shall make a report to the juvenile department stating the youth's successful completion or failure to complete all or any part of the program specified by the diagnostic assessment. The form of the report shall be determined by agreement between the

juvenile department and the diagnostic assessment agency or organization. The juvenile department shall make the report a part of the record of the case.

(2) Notwithstanding any other provision of law, the following information contained in a formal accountability agreement under ORS 419C.230 is not confidential and is not exempt from disclosure:

(a) The name and date of birth of the youth;

(b) The act alleged; and

(c) The portion of the agreement providing for the disposition of the youth.

SECTION 56. ORS 419C.420 is amended to read:

419C.420. If a youth is cited or summoned for a violation under ORS 471.430[,] **or** 475.860 [(3) *or* 475.864 (3)(c)] and fails to appear, the court may adjudicate the citation or petition and enter a disposition without a hearing.

SECTION 57. ORS 419C.443 is amended to read:

419C.443. (1) Except when otherwise provided in subsection (3) of this section, when a youth offender has been found to be within the jurisdiction of the court under ORS 419C.005 for a first violation of the provisions under ORS 475.860 [(3)(b) *or* 475.864 (3)(c)], the court shall order an evaluation and designate agencies or organizations to perform diagnostic assessment and provide programs of information and treatment. The designated agencies or organizations must meet the standards set by the Director of the Oregon Health Authority. Whenever possible, the court shall designate agencies or organizations to perform the diagnostic assessment that are separate from those that may be designated to carry out a program of information or treatment. The parent of the youth offender shall pay the cost of the youth offender's participation in the program based upon the ability of the parent to pay. The petition shall be dismissed by the court upon written certification of the youth offender's successful completion of the program from the designated agency or organization providing the information and treatment.

(2) Monitoring the youth offender's progress in the program shall be the responsibility of the diagnostic assessment agency or organization. The agency or organization shall make a report to the court stating the youth offender's successful completion or failure to complete all or any part of the program specified by the diagnostic assessment. The form of the report shall be determined by agreement between the court and the diagnostic assessment agency or organization. The court shall make the report a part of the record of the case.

(3) The court is not required to make the disposition required by subsection (1) of this section if the court determines that the disposition is inappropriate in the case or if the court finds that the youth offender has previously entered into a formal accountability agreement under ORS 419C.239 (1)(i).

SECTION 58. ORS 475.245 is amended to read:

475.245. (1) Whenever any person pleads guilty to or is found guilty of an offense listed in subsection (5) of this section, the court, without entering a judgment of guilt and with the consent of the district attorney and the person, may defer further proceedings and place the person on probation.

(2) Upon violation of a term or condition of probation, the court may enter an adjudication of guilt and proceed as otherwise provided.

(3) Upon fulfillment of the terms and conditions of probation, the court shall discharge the person and dismiss the proceedings against the person. Discharge and dismissal under this section shall be without adjudication of guilt and is not a conviction for purposes of this section or for purposes of disqualifications or disabilities imposed by law upon conviction of a crime. There may be only one discharge and dismissal under this section with respect to any person.

(4) In the event that the period of probation under this section expires, but the terms and conditions of probation have not been fulfilled and no probation violation proceeding was initiated prior to the expiration of the period of probation, the court may not discharge the person and dismiss the proceedings against the person. The court shall instead issue an order requiring the person to appear and to show cause why the court should not enter an adjudication of guilt as described in subsection (2) of this section due to the failure of the person to fulfill the terms and conditions of

probation prior to expiration of the period of probation. At the hearing on the order to show cause, after considering any evidence or argument from the district attorney and the person, the court may:

(a) Order a new period of probation to allow the person to fulfill the terms and conditions of the previous period of probation; or

(b) Enter an adjudication of guilt as described in subsection (2) of this section.

(5) This section applies to the following offenses:

(a) Possession of a controlled substance under ORS 475.752 (3), 475.814, 475.824, 475.834, 475.854, 475.864, 475.874, 475.884 or 475.894 **or section 47 of this 2016 Act**;

(b) Unlawfully possessing a prescription drug under ORS 689.527 (6);

(c) Endangering the welfare of a minor under ORS 163.575 (1)(b);

(d) Frequenting a place where controlled substances are used under ORS 167.222; and

(e) A property offense that is motivated by a dependence on a controlled substance.

SECTION 59. ORS 475.752 is amended to read:

475.752. (1) Except for licensees and licensee representatives, as those terms are defined in ORS 475B.015, that are engaged in lawful activities, and except for a person acting within the scope of and in compliance with ORS 475B.245, and except as authorized by ORS 475.005 to 475.285 and 475.752 to 475.980, it is unlawful for any person to manufacture or deliver a controlled substance. Any person who violates this subsection with respect to:

(a) A controlled substance in Schedule I, is guilty of a Class A felony, except as otherwise provided in ORS 475.886 and 475.890.

(b) A controlled substance in Schedule II, is guilty of a Class B felony, except as otherwise provided in ORS 475.858, 475.860, 475.862, 475.878, 475.880, 475.882, 475.904 and 475.906.

(c) A controlled substance in Schedule III, is guilty of a Class C felony, except as otherwise provided in ORS 475.904 and 475.906.

(d) A controlled substance in Schedule IV, is guilty of a Class B misdemeanor.

(e) A controlled substance in Schedule V, is guilty of a Class C misdemeanor.

(2) Except as authorized in ORS 475.005 to 475.285 and 475.752 to 475.980, it is unlawful for any person to create or deliver a counterfeit substance. Any person who violates this subsection with respect to:

(a) A counterfeit substance in Schedule I, is guilty of a Class A felony.

(b) A counterfeit substance in Schedule II, is guilty of a Class B felony.

(c) A counterfeit substance in Schedule III, is guilty of a Class C felony.

(d) A counterfeit substance in Schedule IV, is guilty of a Class B misdemeanor.

(e) A counterfeit substance in Schedule V, is guilty of a Class C misdemeanor.

(3) It is unlawful for any person knowingly or intentionally to possess a controlled substance, other than marijuana, unless the substance was obtained directly from, or pursuant to a valid prescription or order of, a practitioner while acting in the course of professional practice, or except as otherwise authorized by ORS 475.005 to 475.285 and 475.752 to 475.980. Any person who violates this subsection with respect to:

(a) A controlled substance in Schedule I, is guilty of a Class B felony, except as otherwise provided in ORS 475.894.

(b) A controlled substance in Schedule II, is guilty of a Class C felony, except as otherwise provided in ORS 475.864 **or section 47 of this 2016 Act**.

(c) A controlled substance in Schedule III, is guilty of a Class A misdemeanor.

(d) A controlled substance in Schedule IV, is guilty of a Class C misdemeanor.

(e) A controlled substance in Schedule V, is guilty of a violation.

(4) In any prosecution under this section for manufacture, possession or delivery of that plant of the genus *Lophophora* commonly known as peyote, it is an affirmative defense that the peyote is being used or is intended for use:

(a) In connection with the good faith practice of a religious belief;

(b) As directly associated with a religious practice; and

(c) In a manner that is not dangerous to the health of the user or others who are in the proximity of the user.

(5) The affirmative defense created in subsection (4) of this section is not available to any person who has possessed or delivered the peyote while incarcerated in a correctional facility in this state.

(6)(a) Notwithstanding subsection (1) of this section, a person who unlawfully manufactures or delivers a controlled substance in Schedule IV and who thereby causes death to another person is guilty of a Class C felony.

(b) For purposes of this subsection, causation is established when the controlled substance plays a substantial role in the death of the other person.

SECTION 60. ORS 475.898 is amended to read:

475.898. (1) A person who contacts emergency medical services or a law enforcement agency to obtain medical assistance for another person who needs medical assistance due to a drug-related overdose is immune from arrest or prosecution for an offense listed in subsection (3) of this section if the evidence of the offense was obtained because the person contacted emergency medical services or a law enforcement agency.

(2) A person who is in need of medical assistance due to a drug-related overdose is immune from arrest or prosecution for an offense listed in subsection (3) of this section if the evidence of the offense was obtained because any person contacted emergency medical services or a law enforcement agency to obtain medical assistance for the person.

(3) The immunity conferred under subsections (1) and (2) of this section applies to arrest and prosecution for:

(a) Frequenting a place where controlled substances are used as described in ORS 167.222;

(b) Possession of a controlled substance as described in ORS 475.752;

(c) Unlawful possession of hydrocodone as described in ORS 475.814;

(d) Unlawful possession of methadone as described in ORS 475.824;

(e) Unlawful possession of oxycodone as described in ORS 475.834;

(f) Unlawful possession of heroin as described in ORS 475.854;

(g) Unlawful possession of marijuana [or a *marijuana product*] as described in ORS 475.864 **and section 47 of this 2016 Act;**

(h) Unlawful possession of 3,4-methylenedioxymethamphetamine as described in ORS 475.874;

(i) Unlawful possession of cocaine as described in ORS 475.884;

(j) Unlawful possession of methamphetamine as described in ORS 475.894;

(k) Unlawfully possessing a prescription drug as described in ORS 689.527 (6); and

(L) Unlawful possession of drug paraphernalia with intent to sell or deliver as described in ORS 475.525.

(4)(a) A person may not be arrested for violating, or found to be in violation of, the conditions of the person's pretrial release, probation, post-prison supervision or parole if the violation involves:

(A) The possession or use of a controlled substance or frequenting a place where controlled substances are used; and

(B) The evidence of the violation was obtained because the person contacted emergency medical services or a law enforcement agency to obtain medical assistance for another person who needed medical assistance due to a drug-related overdose.

(b) A person may not be arrested for violating, or found to be in violation of, the conditions of the person's pretrial release, probation, post-prison supervision or parole if the violation involves:

(A) The possession or use of a controlled substance or frequenting a place where controlled substances are used; and

(B) The evidence of the violation was obtained because the person was in need of medical assistance due to a drug-related overdose and any person contacted emergency medical services or a law enforcement agency to obtain medical assistance for the person.

(5)(a) A person may not be arrested on an outstanding warrant for any of the offenses listed in subsection (3) of this section, or on an outstanding warrant for a violation, other than commission of a new crime, of the conditions of the person's probation, post-prison supervision or parole for

conduct that would constitute an offense listed in subsection (3) of this section, if the location of the person was obtained because the person contacted emergency medical services or a law enforcement agency to obtain medical assistance for another person who needed medical assistance due to a drug-related overdose.

(b) A person may not be arrested on an outstanding warrant for any of the offenses listed in subsection (3) of this section, or on an outstanding warrant for a violation, other than commission of a new crime, of the conditions of the person's probation, post-prison supervision or parole for conduct that would constitute an offense listed in subsection (3) of this section, if the location of the person was obtained because the person was in need of medical assistance due to a drug-related overdose and any person contacted emergency medical services or a law enforcement agency to obtain medical assistance for the person.

(c) This subsection does not apply to outstanding federal warrants or outstanding warrants issued from other states.

(6) The immunity from arrest and prosecution described in this section is not grounds for the suppression of evidence relating to a criminal offense other than the offenses listed in subsection (3) of this section.

(7) As used in this section:

(a) "Controlled substance" has the meaning given that term in ORS 475.005.

(b) "Drug-related overdose" means an acute condition, including mania, hysteria, extreme physical illness, coma or death, resulting from the consumption or use of a controlled substance, or another substance with which a controlled substance was combined, that a person would reasonably believe to be a condition that requires medical attention.

SECTION 61. ORS 809.265 is amended to read:

809.265. (1) Unless the court finds compelling circumstances not to order suspension of driving privileges, the court in which a person is convicted of an offense described in this subsection shall order suspension of the person's driving privileges. This subsection applies when a person is convicted of:

(a) Any offense involving manufacturing, possession or delivery of controlled substances[, *except for possession of less than one avoirdupois ounce of marijuana as described in ORS 475.864 (3)*].

(b) Driving while under the influence of intoxicants in violation of ORS 813.010 or of a municipal ordinance if the person was under the influence of an inhalant or a controlled substance.

[(2) The court in which a person is convicted of possession of less than one avoirdupois ounce of marijuana, as described in ORS 475.864 (3), may order suspension of the person's driving privileges if the person is under 18 years of age and the court determines that suspension of the person's driving privileges is necessary for the safety of the community. The court shall indicate the findings supporting the suspension in the judgment.]

[(3)] (2) Upon receipt of an order under this section, the department shall take action as directed under ORS 809.280.

SECTION 62. ORS 813.215 is amended to read:

813.215. (1) A defendant is eligible for diversion if the defendant meets all of the following conditions:

(a) On the date the defendant filed the petition for a driving while under the influence of intoxicants diversion agreement, the defendant had no charge, other than the charge for the present offense, pending for:

(A) An offense of driving while under the influence of intoxicants in violation of:

(i) ORS 813.010; or

(ii) The statutory counterpart to ORS 813.010 in another jurisdiction;

(B) A driving under the influence of intoxicants offense in another jurisdiction that involved the impaired driving of a vehicle due to the use of intoxicating liquor, a controlled substance, an inhalant or any combination thereof; or

(C) A driving offense in another jurisdiction that involved operating a vehicle while having a blood alcohol content above that jurisdiction's permissible blood alcohol content.

(b) The defendant has not been convicted of an offense described in paragraph (a) of this subsection within the period beginning 15 years before the date of the commission of the present offense and ending on the date the defendant filed the petition for a driving while under the influence of intoxicants diversion agreement.

(c) The defendant has not been convicted of a felony offense described in ORS 813.010 (5)(a).

(d) The defendant was not participating in a driving while under the influence of intoxicants diversion program or in any similar alcohol or drug rehabilitation program in this state or in another jurisdiction on the date the defendant filed the petition for a driving while under the influence of intoxicants diversion agreement. A defendant is not ineligible for diversion under this paragraph by reason of participation in a diversion program or any similar alcohol or drug rehabilitation program as a result of the charge for the present offense[,] **or** a charge for violation of ORS 471.430 [*or a charge for violation of ORS 475.864 (3)*].

(e) The defendant did not participate in a diversion or rehabilitation program described in paragraph (d) of this subsection within the period beginning 15 years before the date of the commission of the present offense and ending on the date the defendant filed the petition for a driving while under the influence of intoxicants diversion agreement. A defendant is not ineligible for diversion under this paragraph by reason of participation in a diversion program or rehabilitation program described in paragraph (d) of this subsection as a result of the charge for the present offense[,] **or** a charge for violation of ORS 471.430 [*or a charge for violation of ORS 475.864 (3)*].

(f) The defendant had no charge of an offense of aggravated vehicular homicide or of murder, manslaughter, criminally negligent homicide or assault that resulted from the operation of a motor vehicle pending in this state or in another jurisdiction on the date the defendant filed the petition for a driving while under the influence of intoxicants diversion agreement.

(g) The defendant has not been convicted of an offense described in paragraph (f) of this subsection within the period beginning 15 years before the date of the commission of the present offense and ending on the date the defendant filed the petition for a driving while under the influence of intoxicants diversion agreement.

(h) The defendant did not hold commercial driving privileges on the date of the commission of the offense.

(i) The defendant was not operating a commercial motor vehicle at the time of the offense.

(j) The present driving while under the influence of intoxicants offense did not involve an accident resulting in:

(A) Death of any person; or

(B) Physical injury as defined in ORS 161.015 to any person other than the defendant.

(2) For the purposes of subsection (1)(a) of this section, a conviction for a driving offense in another jurisdiction based solely on a person under 21 years of age having a blood alcohol content that is lower than the permissible blood alcohol content in that jurisdiction for a person 21 years of age or older does not constitute a prior conviction.

(3) A defendant is eligible for a second or subsequent diversion if the defendant meets all of the conditions of subsection (1) of this section and the defendant has not been convicted of any other criminal offense involving a motor vehicle within the period beginning 15 years before the date of the commission of the present offense and ending on the date the defendant filed the petition for the second or subsequent driving while under the influence of intoxicants diversion agreement.

SECTION 63. ORS 475B.015 is amended to read:

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

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

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

(3) "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.

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

(5) "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.

(6)(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.

(7)(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.**

[*(A) Homegrown marijuana that is given or received when nothing is given or received in return; or*]

[*(B) Homemade cannabinoid products or cannabinoid concentrates that are given or received when nothing is given or received in return.*]

(8) "Homegrown" [or "homemade"] means grown [or made] by a person 21 years of age or older for noncommercial purposes.

(9) "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, [*or homemade*] cannabinoid products, [*or*] cannabinoid concentrates **or cannabinoid extracts**.

(10) "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) "Immature marijuana plant" means a marijuana plant that is not flowering.

(12) "Licensee" means a person who holds a license issued under ORS 475B.070, 475B.090, 475B.100 or 475B.110.

(13) "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) "Marijuana" means the plant Cannabis family Cannabaceae, any part of the plant Cannabis family Cannabaceae and the seeds of the plant Cannabis family Cannabaceae.

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

(15) "Marijuana flowers" means the flowers of the plant genus Cannabis within the plant family Cannabaceae.

(16) "Marijuana items" means marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts.

(17) "Marijuana leaves" means the leaves of the plant genus *Cannabis* within the plant family Cannabaceae.

(18) "Marijuana processor" means a person who processes marijuana items in this state.

(19) "Marijuana producer" means a person who produces marijuana in this state.

(20) "Marijuana retailer" means a person who sells marijuana items to a consumer in this state.

(21) "Marijuana wholesaler" means a person who purchases marijuana items in this state for resale to a person other than a consumer.

(22) "Mature marijuana plant" means a marijuana plant that is not an immature marijuana plant.

(23) "Noncommercial" means not dependent or conditioned upon the provision or receipt of financial consideration.

(24)(a) "Premises" or "licensed premises" includes the following areas of a location licensed under ORS 475B.070, 475B.090, 475B.100 or 475B.110:

(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 [production,] 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, *[the entire lot or parcel, as defined in ORS 92.010, that the licensee owns, leases or has a right to occupy]* **that portion of the location used to produce marijuana.**

(b) "Premises" or "licensed premises" does not include a primary residence.

(25)(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.

(26)(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.

(27) "Propagate" means to grow immature marijuana plants or to breed or produce the seeds of the plant *Cannabis* family Cannabaceae.

(28) "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.

(29)(a) "Usable marijuana" means the dried leaves and flowers of marijuana.

(b) "Usable marijuana" does not include:

(A) The seeds, stalks and roots of marijuana; or

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

SECTION 64. ORS 475B.150 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 *[licensed]* premises.

(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 taxes are collected for the purpose of being distributed as described in section 44, chapter 1, Oregon Laws 2015;]

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

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

(f) The transfer of marijuana items between [licensed] premises; 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 65. ORS 475B.160 is amended to read:

475B.160. (1) A marijuana producer, marijuana processor or marijuana wholesaler may deliver marijuana items only to or on a [licensed] premises.

(2) A [licensed] premises 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[.];

(b) **A researcher of cannabis certified under ORS 475B.235 who 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 commission under section 25 of this 2016 Act.**

(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, but deliveries may be made by the marijuana retailer to consumers pursuant to a bona fide order received at the [licensed] premises prior to delivery.

SECTION 66. ORS 475B.340 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 under ORS 475B.070 may produce marijuana;

(b) Reasonable conditions on the manner in which a marijuana processor licensed under ORS 475B.090 may process marijuana;

(c) Reasonable conditions on the manner in which a marijuana wholesaler licensed under ORS 475B.100 may sell marijuana at wholesale;

[(d) Reasonable limitations on the hours during which a marijuana retailer licensed under ORS 475B.110 may operate;]

[(e)] (d) Reasonable conditions on the manner in which a marijuana retailer licensed 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 may operate;**

(f) Reasonable requirements related to the public's access to a premises for which a license has been issued under ORS 475B.070, 475B.090, 475B.100 or 475B.110; and

(g) Reasonable limitations on where a premises for which a license may be issued under ORS 475B.070, 475B.090, 475B.100 or 475B.110 may be located.

(2) Notwithstanding ORS 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 has been issued under ORS 475B.070, 475B.090, 475B.100 or 475B.110 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 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.

(3) Regulations adopted under this section must be consistent with city and county comprehensive plans and zoning ordinances and applicable provisions of public health and safety laws.

SECTION 67. ORS 475B.375 is amended to read:

475B.375. ORS 475B.025, 475B.033, 475B.035, 475B.040, 475B.045, 475B.055, 475B.060, 475B.065, 475B.068, 475B.070, 475B.090, 475B.100, 475B.110, 475B.130, 475B.160, 475B.165, 475B.170, 475B.180, 475B.185, 475B.190, 475B.195, 475B.200, 475B.205, 475B.210, 475B.250, 475B.255, 475B.260, 475B.265, 475B.270, 475B.275, 475B.280, 475B.298, 475B.300, 475B.305, 475B.310, 475B.315, 475B.320, 475B.325, 475B.330, 475B.335, 475B.340, 475B.350, 475B.353, 475B.355, 475B.358, 475B.365, 475B.378, 475B.380 and 475B.395 and **section 25 of this 2016 Act**:

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

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

SECTION 68. Section 3, chapter 20, Oregon Laws 2015, as amended by section 10, chapter 840, Oregon Laws 2015, is amended to read:

Sec. 3. (1) Notwithstanding ORS 221.770, 471.805 and 471.810, for the biennium beginning July 1, 2013, and the biennium beginning July 1, 2015, the Oregon Liquor Control Commission may expend moneys in the Oregon Liquor Control Commission Account to pay any expenses incurred by the commission in implementing and carrying out sections 3 to 70, chapter 1, Oregon Laws 2015. Any expenditure made under this subsection is considered a loan and must be repaid from the Oregon Marijuana Account established by section 44, chapter 1, Oregon Laws 2015. Expenditures made under this subsection shall be made from moneys in the Oregon Liquor Control Commission Account before the distributions required by ORS 471.810 are made.

(2) Notwithstanding section 44, chapter 1, Oregon Laws 2015, not later than *[June]* **September** 30, 2017, the Department of Revenue shall transfer from the Oregon Marijuana Account to the commission for deposit in the Oregon Liquor Control Commission Account an amount equal to the total amount expended by the commission under subsection (1) of this section plus two percent of the total amount expended. The department shall make the transfer required by this subsection before making any other withholding, distribution or expenditure from the Oregon Marijuana Account for purposes described in section 44, chapter 1, Oregon Laws 2015.

SECTION 69. **Section 44, chapter 1, Oregon Laws 2015, is added to and made a part of ORS 475B.700 to 475B.760.**

(Operative January 1, 2017)

SECTION 70. ORS 475B.760 is amended to read:

475B.760. (1) All moneys received by the Department of Revenue under ORS 475B.700 to 475B.760 *[and section 21a, chapter 699, Oregon Laws 2015,]* shall be deposited in the State Treasury and credited to a suspense account established under ORS 293.445. The department may pay expenses for the administration and enforcement of ORS 475B.700 to 475B.760 *[and section 21a, chapter 699, Oregon Laws 2015,]* out of moneys received from the tax imposed under ORS 475B.705. Amounts

necessary to pay administrative and enforcement expenses are continuously appropriated to the department from the suspense account.

(2) After the payment of administrative and enforcement expenses and refunds or credits arising from erroneous overpayments, the department shall credit the balance of the moneys received by the department under this section to the Oregon Marijuana Account established under section 44, chapter 1, Oregon Laws 2015.

YOUTH MARIJUANA-USE PREVENTION PILOT PROJECT

SECTION 71. (1) The Oregon Health Authority shall establish, for the purpose of establishing a statewide program during the 2017-2019 biennium, an evidence-based pilot project for the purpose of increasing awareness among youth of the impact of using marijuana and marijuana-derived products.

(2) As part of the pilot project, the authority shall implement a multimedia public campaign targeting youth and young adults at least 12 years of age and not older than 20 years of age and parents and teachers.

(3) At a minimum, the authority shall implement the pilot project in one metropolitan area located in this state and in one rural area of significant size located in this state.

(4) The authority shall monitor and collect data on the effectiveness of the pilot project established under this section.

(5) The Oregon Liquor Control Commission shall assist, pursuant to an agreement or otherwise, the authority in establishing the pilot project under this section.

(6) On or before January 1, 2017, the authority shall report to the interim legislative committees related to health, and any interim legislative committee specifically related to marijuana use, on the implementation of the pilot project established under this section and on further steps required to implement a statewide program during the 2017-2019 biennium. The report shall be made in the manner provided by ORS 192.245 and may include recommendations for legislation.

CLINICAL GUIDELINES WORK GROUP

SECTION 72. (1) The Oregon Health Authority shall convene a work group to develop recommendations related to attending physicians who diagnose individuals as having a debilitating medical condition, as defined in ORS 475B.410, and who recommend the medical use of marijuana for the purpose of mitigating the symptoms or effects of a debilitating medical condition.

(2) The work group convened under this section shall include at least one attending physician who has diagnosed an individual as having a debilitating medical condition and at least one individual for whom the medical use of marijuana has been recommended for the purpose of mitigating the symptoms or effects of a debilitating medical condition. The work group convened under this section shall include additional members as the authority considers necessary to carry out the duties of the work group.

(3) At a minimum, the work group convened under this section shall develop guidelines for attending physicians to follow when recommending the medical use of marijuana for the purpose of mitigating the symptoms or effects of a debilitating medical condition.

(4) On or before January 1, 2017, the authority shall report to the interim legislative committees related to health, and any interim legislative committee specifically related to the regulation of the medical use of marijuana, on the recommendations developed by the work group. The report shall be made in the manner provided by ORS 192.245 and may include recommendations for legislation.

REPORTS

(By the Oregon Liquor Control Commission)

SECTION 73. On or before January 1, 2017, the Oregon Liquor Control Commission shall report to the interim legislative committees related to business, and any interim legislative committee specifically related to businesses that produce marijuana, on rules adopted by the commission under ORS 475B.070 (3)(d) related to assisting the viability of marijuana producers that are independently owned and operated and are limited in size and revenue with respect to other marijuana producers. The report shall be made in the manner provided by ORS 192.245.

(By the Oregon Health Authority)

SECTION 74. On or before January 1, 2017, the Oregon Health Authority shall report to the interim legislative committees related to the environment, and any interim legislative committee specifically related to businesses that sell marijuana or marijuana-derived products, on rules adopted by the authority or steps otherwise taken by the authority related to recalling marijuana or marijuana-derived products that are contaminated and unfit for human consumption. The report shall be made in the manner provided by ORS 192.245 and may include recommendations for legislation.

SUNSET FOR SECTIONS 71, 73, 74 AND 75

SECTION 75. Sections 71, 72, 73 and 74 of this 2016 Act are repealed on January 2, 2018.

REPEALS

SECTION 76. ORS 475B.120, 475B.285 and 811.481 are repealed.

SECTION 77. Sections 173 and 175b, chapter 614, Oregon Laws 2015, are repealed.

APPLICABILITY

SECTION 78. The amendments to ORS 475.856, 475.858, 475.860, 475.862, 475.864 and 475B.185 by sections 39 and 42 to 46 of this 2016 Act apply to conduct occurring on or after the operative date specified in section 79 of this 2016 Act.

OPERATIVE DATES

SECTION 79. (1) Sections 14 to 18, 21, 22, 24, 25, 30, 33 to 35, 40, 41, 47 to 53f, 69 and 71 to 75 of this 2016 Act, the amendments to statutes and session law by sections 1 to 13, 19, 20, 23, 26, 27, 31, 32, 36 to 39, 42 to 46 and 54 to 68 of this 2016 Act and the repeal of statutes and session law by sections 76 and 77 of this 2016 Act become operative on March 1, 2016.

(2) The Oregon Liquor Control Commission, Oregon Health Authority and Department of Revenue may take any action before the operative date specified in subsection (1) of this section that is necessary to enable the commission, authority or department to exercise, on and after the operative date specified in subsection (1) of this section, all the duties, powers and functions conferred on the commission, authority or department by sections 14 to 18, 21, 22, 24, 25, 30, 33 to 35, 40, 41, 47 to 53f, 69 and 71 to 75 of this 2016 Act, the amendments to statutes and session law by sections 1 to 13, 19, 20, 23, 26, 27, 31, 32, 36 to 39, 42 to 46 and 54 to 68 of this 2016 Act and the repeal of statutes and session law by sections 76 and 77 of this 2016 Act.

SECTION 80. The amendments to ORS 475B.760 by section 70 of this 2016 Act become operative on January 1, 2017.

UNIT CAPTIONS

SECTION 81. The unit captions used in this 2016 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 2016 Act.

EMERGENCY CLAUSE

SECTION 82. This 2016 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2016 Act takes effect on its passage.

Passed by House February 15, 2016

.....
Timothy G. Sekerak, Chief Clerk of House

.....
Tina Kotek, Speaker of House

Passed by Senate February 19, 2016

.....
Peter Courtney, President of Senate

Received by Governor:

.....M.,....., 2016

Approved:

.....M.,....., 2016

.....
Kate Brown, Governor

Filed in Office of Secretary of State:

.....M.,....., 2016

.....
Jeanne P. Atkins, Secretary of State

Enrolled
House Bill 4094

Sponsored by Representatives READ, WILSON, HOYLE, OLSON; Representatives HELM, HOLVEY,
KENY-GUYER, LININGER, WILLIAMSON (Presession filed.)

CHAPTER

AN ACT

Relating to cannabis; and declaring an emergency.

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

SECTION 1. As used in sections 1 to 6 of this 2016 Act:

- (1) “Deliver” has the meaning given that term in ORS 475.005.
- (2) “Financial institution” means:
 - (a) A financial institution as defined in ORS 706.008.
 - (b) A trust company as defined in ORS 706.008.
 - (c) A money transmission business licensed under ORS 717.200 to 717.320, 717.900 and 717.905.
 - (d) An affiliate of an entity described in paragraph (a), (b) or (c) of this subsection.
 - (e) An employee or agent of an entity described in paragraph (a), (b) or (c) of this subsection.
- (3) “Manufacture” has the meaning given that term in ORS 475.005.
- (4) “Marijuana” has the meaning given that term in ORS 475.005.
- (5) “Marijuana-derived product” means cannabinoid products, cannabinoid concentrates and cannabinoid extracts, all as defined in ORS 475B.015.

SECTION 2. A financial institution that provides financial services customarily provided by financial institutions pursuant to powers granted by ORS 717.200 to 717.320, 717.900 and 717.905, the Bank Act or by ORS chapter 723 to a marijuana processing site registered under ORS 475B.435, a medical marijuana dispensary registered under ORS 475B.450, a marijuana producer that holds a license under ORS 475B.070, a marijuana processor that holds a license under ORS 475B.090, a marijuana wholesaler that holds a license under ORS 475B.100, a marijuana retailer that holds a license under ORS 475B.110, a laboratory that holds a license under ORS 475B.560 or a person to whom a permit has been issued under ORS 475B.218 is exempt from any criminal law of this state an element of which may be proven by substantiating that a person provides financial services customarily provided by financial institutions pursuant to powers granted by ORS 717.200 to 717.320, 717.900 and 717.905, the Bank Act or ORS chapter 723 to a person who possesses, delivers or manufactures marijuana or marijuana derived products.

SECTION 3. (1) Notwithstanding any law relating to the exemption of information from public disclosure under ORS 475B.010 to 475B.395 or 475B.550 to 475B.590, upon the request of a financial institution, the Oregon Liquor Control Commission shall provide to the financial institution the following information:

(a) Whether a person with whom the financial institution is doing business holds a license under ORS 475B.070, 475B.090, 475B.100, 475B.110 or 475B.560 or a permit under ORS 475B.218;

(b) The name of any other business or individual affiliated with the person;

(c) A copy of the application, and any supporting documentation submitted with the application, for a license or a permit submitted by the person;

(d) If applicable, data relating to sales and the volume of product sold by the person;

(e) Whether the person is currently compliant with the provisions of ORS 475B.010 to 475B.395, 475B.550 to 475B.590 and 475B.600 to 475B.655 and rules adopted under ORS 475B.010 to 475B.395, 475B.550 to 475B.590 and 475B.600 to 475B.655;

(f) Any past or pending violation by the person of a provision of ORS 475B.010 to 475B.395, 475B.550 to 475B.590 or 475B.600 to 475B.655 or a rule adopted under ORS 475B.010 to 475B.395, 475B.550 to 475B.590 or 475B.600 to 475B.655; and

(g) Any penalty imposed upon the person for violating a provision of ORS 475B.010 to 475B.395, 475B.550 to 475B.590 or 475B.600 to 475B.655 or a rule adopted under ORS 475B.010 to 475B.395, 475B.550 to 475B.590 or 475B.600 to 475B.655.

(2) Upon receiving a request under subsection (1) of this section, the commission shall provide the requesting financial institution with the requested information.

(3) The commission may charge a financial institution a reasonable fee to cover the administrative costs of providing information under this section.

SECTION 4. (1) Notwithstanding any law relating to the exemption of information from public disclosure under ORS 475B.400 to 475B.525, upon the request of a financial institution, the Oregon Health Authority shall provide to the financial institution the following information:

(a) Whether a person with whom the financial institution is doing business is registered under ORS 475B.435 or 475B.450;

(b) The name of any other business or individual affiliated with the person;

(c) A copy of the application, and any supporting documentation submitted with that application, for registration submitted by the person;

(d) Data relating to the volume of product transferred by the person;

(e) Whether the person is currently compliant with the provisions of ORS 475B.400 to 475B.525, 475B.550 to 475B.590 and 475B.600 to 475B.655 and rules adopted under ORS 475B.400 to 475B.525, 475B.550 to 475B.590 and 475B.600 to 475B.655;

(f) Any past or pending violation by the person of a provision of ORS 475B.400 to 475B.525, 475B.550 to 475B.590 or 475B.600 to 475B.655 or a rule adopted under ORS 475B.400 to 475B.525, 475B.550 to 475B.590 or 475B.600 to 475B.655; and

(g) Any penalty imposed upon the person for violating a provision of ORS 475B.400 to 475B.525, 475B.550 to 475B.590 or 475B.600 to 475B.655 or a rule adopted under ORS 475B.400 to 475B.525, 475B.550 to 475B.590 or 475B.600 to 475B.655.

(2) Upon receiving a request under subsection (1) of this section, the authority shall provide the requesting financial institution with the requested information.

(3) The authority may charge a financial institution a reasonable fee to cover the administrative costs of providing information under this section.

SECTION 5. (1) Notwithstanding any law relating to the exemption of information from public disclosure under ORS 475B.700 to 475B.760, or relating to the confidentiality of tax return information, upon the request of a financial institution, the Department of Revenue shall provide to the financial institution the following information:

(a) Whether the person is currently compliant with the provisions of ORS 475B.700 to 475B.760 and rules adopted under ORS 475B.700 to 475B.760;

(b) Any past or pending violation by the person of a provision of ORS 475B.700 to 475B.760 or a rule adopted under ORS 475B.700 to 475B.760; and

(c) Any penalty imposed upon the person for violating a provision of ORS 475B.700 to 475B.760 or a rule adopted under ORS 475B.700 to 475B.760.

(2) Upon receiving a request under subsection (1) of this section, the department shall provide the requesting financial institution with the requested information.

(3) The department may charge a financial institution a reasonable fee to cover the administrative costs of providing information under this section.

SECTION 6. Information received by a financial institution under section 3, 4 or 5 of this 2016 Act is confidential for purposes of ORS 717.200 to 717.320, 717.900 and 717.905, the Bank Act and ORS chapter 723. Except as otherwise required or permitted by the provisions of ORS 192.583 to 192.607, 717.200 to 717.320, 717.900 and 717.905, or the Bank Act or ORS chapter 723, or by other state law or rule or federal law or regulation, a financial institution may not make the information available to any person other than:

(1) The customer to whom the information applies; and

(2) A trustee, conservator, guardian, personal representative or agent of the customer to whom the information applies.

SECTION 7. (1) The Department of Consumer and Business Services shall conduct a study on:

(a) The provision of depository and related financial services to businesses that engage in the lawful production, processing or sale of marijuana and marijuana derived products; and

(b) State laws and rules, federal laws and regulations and administrative acts related to providing depository and related financial services and how those laws, rules, regulations and acts apply to businesses that engage in the production, processing or sale of marijuana and marijuana derived products.

(2) As part of the study, the Department of Consumer and Business Services shall evaluate the BSA Expectations Regarding Marijuana-Related Businesses memorandum published by the federal Department of the Treasury on February 14, 2014.

(3) As part of the study, the Department of Consumer and Business Services may evaluate methods of providing depository and related financial services to businesses that engage in the production, processing or sale of marijuana and marijuana derived products that do not involve financial institutions.

(4) The Department of Consumer and Business Services shall make a report on the study that the department conducts under this section. As part of that report, the department shall identify any legislation or administrative action required to facilitate the provision of depository and related financial services to businesses that engage in the production, processing or sale of marijuana and marijuana derived products.

(5) On or before January 1, 2017, the Department of Consumer and Business Services shall provide the report required by subsection (4) of this section to the interim legislative committees related to business and any interim legislative committee specifically related to businesses that engage in the production, processing or sale of marijuana and marijuana derived products. The report shall be provided in the manner described in ORS 192.245.

SECTION 8. Section 7 of this 2016 Act is repealed on January 1, 2018.

SECTION 9. This 2016 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2016 Act takes effect on its passage.

Passed by House February 16, 2016

Repassed by House February 29, 2016

.....
Timothy G. Sekerak, Chief Clerk of House

.....
Tina Kotek, Speaker of House

Passed by Senate February 26, 2016

.....
Peter Courtney, President of Senate

Received by Governor:

.....M.,....., 2016

Approved:

.....M.,....., 2016

.....
Kate Brown, Governor

Filed in Office of Secretary of State:

.....M.,....., 2016

.....
Jeanne P. Atkins, Secretary of State

Enrolled
Senate Bill 1511

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Joint Interim Committee on Marijuana Legalization)

CHAPTER

AN ACT

Relating to cannabis; creating new provisions; amending ORS 336.241, 475B.015, 475B.070, 475B.090, 475B.100, 475B.110, 475B.160, 475B.245, 475B.285, 475B.345, 475B.375, 475B.450, 475B.625, 475B.730 and 475B.750 and section 2, chapter 784, Oregon Laws 2015; repealing ORS 475B.080; and declaring an emergency.

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

REGISTRATION FOR MEDICAL PURPOSES
(Series Placement)

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

(Marijuana Producers)

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

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

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

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

(b) The rules must provide that any fee adopted by the commission under subsection (3)(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.

(Marijuana Processors)

SECTION 3. (1) To process marijuana for medical purposes, a marijuana processor that holds a license 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 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 process marijuana and usable marijuana into medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts.

(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.

(Marijuana Wholesalers)

SECTION 4. (1) To sell marijuana at wholesale for medical purposes, a marijuana wholesaler that holds a license 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 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.

(Marijuana Retailers)

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

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

- (a) Holds a license 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) 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 usable marijuana and medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts to registry identification cardholders and designated primary caregivers free of charge.

(5) The commission shall adopt rules necessary to administer this section. The rules must provide that any fee adopted by the commission under subsection (3)(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 6. Notwithstanding the provisions of ORS 475B.400 to 475B.525, rules adopted by the Oregon Health Authority under ORS 475B.400 to 475B.525 must allow for the provision, transfer and sale of usable marijuana as described in section 2 of this 2016 Act.

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

[(e)(A)] (f)(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:

(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 the cost of administering ORS 475B.010 to 475B.395 with respect to marijuana producers;

(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 8. ORS 475B.090 is amended to read:

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

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

(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;

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

(d) 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 processor to annually renew a license issued under this section;

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

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

(d) Allow a marijuana processor registered under section 3 of this 2016 Act to process marijuana and usable marijuana into medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts in the same manner that rules adopted under ORS 475B.010 to 475B.395 allow a marijuana processor to process marijuana and usable marijuana into general use cannabinoid products, cannabinoid concentrates and cannabinoid extracts, excepting those circumstances where differentiating between the processing of medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts and the processing of general use cannabinoid products, cannabinoid concentrates and cannabinoid extracts is necessary to protect the public health and safety; and

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

- (A) Cannabinoid edibles;
- (B) Cannabinoid concentrates;
- (C) Cannabinoid extracts; and
- (D) Any other type of cannabinoid product identified by the commission by rule.

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

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

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

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

475B.100. (1) The wholesale sale of marijuana items is subject to regulation by the Oregon Liquor Control Commission.

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

(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;

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

(d) 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 wholesaler to annually renew a license issued under this section;

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

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

(d) Allow a marijuana wholesaler registered under section 4 of this 2016 Act to sell medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts at wholesale in the same manner that rules adopted under ORS 475B.010 to 475B.395 allow a marijuana wholesaler to sell general use cannabinoid products, cannabinoid concentrates and cannabinoid extracts at wholesale, excepting those circumstances where differentiating between the sale of medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts and the sale of general use cannabinoid products, cannabinoid concentrates and cannabinoid extracts is necessary to protect the public health and safety; and

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

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

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

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

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

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

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

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

(b) Must, 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;

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

(d) **Except as provided in section 29b of this 2016 Act**, may not be located within 1,000 feet of:

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

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

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

(3) The commission shall adopt rules that:

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

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

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

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

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

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

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

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

(Conforming Amendments)

SECTION 11. ORS 475B.015 is amended to read:

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

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

[(2)] (1) “Cannabinoid” means any of the chemical compounds that are the active constituents of marijuana.

[(3)] (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.

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

[(5)] (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.

[(6)(a)] (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)(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:

(A) Homegrown marijuana that is given or received when nothing is given or received in return; or

(B) Homemade cannabinoid products or cannabinoid concentrates that are given or received when nothing is given or received in return.

(8) “Homegrown” or “homemade” means grown or made by a person 21 years of age or older for noncommercial purposes.

(9) “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, or storing homegrown marijuana or home-made cannabinoid products or cannabinoid concentrates.

(10) “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) “Immature marijuana plant” means a marijuana plant that is not flowering.

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

(13) “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) “Marijuana” means the plant Cannabis family Cannabaceae, any part of the plant Cannabis family Cannabaceae and the seeds of the plant Cannabis family Cannabaceae.

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

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

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

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

(18) “Marijuana processor” means a person who processes marijuana items in this state.

(19) “Marijuana producer” means a person who produces marijuana in this state.

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

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

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

(23) **“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) **“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.**

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

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

(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 production, 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, the entire lot or parcel, as defined in ORS 92.010, that the licensee owns, leases or has a right to occupy.

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

[(25)(a)] (27)(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.

[(26)(a)] (28)(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.

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

[(28)] (30) “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.

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

(b) “Usable marijuana” does not include:

(A) The seeds, stalks and roots of marijuana; or

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

SECTION 12. ORS 475B.160 is amended to read:

475B.160. (1) **Except as provided in section 2 of this 2016 Act**, a marijuana producer, marijuana processor or marijuana wholesaler may deliver marijuana items only to or on a [licensed] premises.

(2) A [licensed] premises may receive marijuana items only from a marijuana producer, marijuana processor or marijuana wholesaler for whom a premises has been licensed by the Oregon Liquor Control Commission.

(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, but deliveries may be made by the marijuana retailer to consumers pursuant to a bona fide order received at the [licensed] premises prior to delivery.

SECTION 13. ORS 475B.245 is amended to read:

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

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

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

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

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

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

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

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

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

SECTION 14. ORS 475B.375 is amended to read:

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

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

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

SECTION 15. ORS 475B.625 is amended to read:

475B.625. (1) The Oregon Health Authority shall adopt rules establishing:

(a) The maximum concentration of tetrahydrocannabinol that is permitted in a single serving of a cannabinoid product or cannabinoid concentrate or extract; and

(b) The number of servings that are permitted in a cannabinoid product or cannabinoid concentrate or extract package.

(2)(a) In adopting rules under subsection (1)(a) of this section, the authority shall prescribe the different levels of concentration of tetrahydrocannabinol that is permitted in a single serving of a cannabinoid product or cannabinoid concentrate or extract for:

(A) Consumers who hold a valid registry identification card issued under ORS 475B.415; and

(B) Consumers who do not hold a valid registry identification card issued under ORS 475B.415.

(b) In prescribing the levels of concentration of tetrahydrocannabinol that is permitted in a single serving of a cannabinoid product or cannabinoid concentrate or extract for consumers who hold a valid registry identification card issued under ORS 475B.415, the authority shall consider the appropriate level of concentration necessary to mitigate the symptoms or effects of a debilitating medical condition, as defined in ORS 475B.410.

[2] (3) 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 meet the concentration standards **and packaging standards** adopted by rule pursuant to [subsection (1) of] this section.

[3] (4) In adopting rules under ORS 475B.010 to 475B.395, the Oregon Liquor Control Commission shall require all usable marijuana, cannabinoid products and cannabinoid concentrates and extracts sold or transferred by a marijuana retailer that holds a license under ORS 475B.110 to meet the concentration standards **and packaging standards** adopted by rule pursuant to [subsection (1) of] this section.

TAX RELIEF FOR REGISTRY IDENTIFICATION CARDHOLDERS

SECTION 16. Section 17 of this 2016 Act is added to and made a part of ORS 475B.700 to 475B.760.

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

(2) Notwithstanding ORS 475B.705:

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

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

(A) Holds a valid registry identification card under ORS 475B.415; or

(B) Holds a valid identification card under ORS 475B.415 (5)(b) and is purchasing the marijuana item for a registry identification cardholder.

(3) The Department of Revenue:

(a) Shall adopt rules establishing procedures by which a marijuana retailer shall document that a consumer holds a valid registry identification card issued under ORS 475B.415 or a valid identification card issued under ORS 475B.415 (5)(b); and

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

SECTION 18. ORS 475B.345 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.

[(1)(a)] **(2)(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.

[(2)] **(3)** Subject to subsection [(4)] **(5)** 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 [(3)] **(4)** 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 that holds a license under ORS 475B.110.

[(3)] **(4)** 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.

[(4)] **(5)** 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 19. ORS 475B.730 is amended to read:

475B.730. (1) Notwithstanding the confidentiality provisions of ORS 475B.755, the Department of Revenue may disclose information received under ORS 317.363 and 475B.700 to 475B.760 to:

(a) The Oregon Liquor Control Commission to carry out the provisions of ORS 475B.010 to 475B.395 and 475B.700 to 475B.760[.]; and

(b) The Oregon Health Authority to carry out the provisions of section 17 of this 2016 Act.

(2) The commission may disclose information obtained pursuant to ORS 475B.010 to 475B.395 and 475B.700 to 475B.760 to the department for the purpose of carrying out the provisions of ORS 475B.010 to 475B.395 and 475B.700 to 475B.760.

(3) The authority may disclose information obtained pursuant to ORS 475B.415 or 475B.418 to the department for the purpose of carrying out the provisions of section 17 of this 2016 Act, provided that the authority does not disclose personally identifiable information.

SECTION 20. ORS 475B.750 is amended to read:

475B.750. (1) The Department of Revenue shall administer and enforce ORS 475B.700 to 475B.760. The department is authorized to establish rules and procedures for the implementation and enforcement of ORS 475B.700 to 475B.760 that are consistent with ORS 475B.700 to 475B.760 and that the department considers necessary and appropriate to administer and enforce ORS 475B.700 to 475B.760.

(2) The Oregon Liquor Control Commission shall enter into an agreement with the department for the purpose of administering and enforcing those provisions of ORS 475B.700 to 475B.760, and rules or procedures established for the purpose of implementing and enforcing ORS 475B.700 to 475B.760, that the commission and the department determine are necessary for the effective and efficient administration, implementation and enforcement of ORS 475B.700 to 475B.760.

(3) The Oregon Health Authority shall enter into an agreement with the department for the purpose of administering and enforcing the provisions of section 17 of this 2016 Act, and rules or procedures established for the purpose of implementing and enforcing section 17 of this 2016 Act, that the authority and the department determine are necessary for the effective and efficient administration, implementation and enforcement of section 17 of this 2016 Act.

EARLY START

SECTION 21. Section 2, chapter 784, Oregon Laws 2015, is amended to read:

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

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

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

[(a)] (c) **“Limited marijuana retail product” means:**

(A) The seeds of marijuana;

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

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

(D) Cannabinoid edibles;

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

(F) Prefilled receptacles of cannabinoid extracts.

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

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

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

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

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

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

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

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

(e) **The medical marijuana dispensary sells no more than one single-serving, low-dose unit of limited marijuana retail product to the person per day if the person is purchasing a cannabinoid edible; and**

(f) **The medical marijuana dispensary sells no more than one receptacle of limited marijuana retail product to the person per day if the person is purchasing a prefilled receptacle of a cannabinoid extract.**

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

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

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

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

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

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

**STAY ON POSSESSION LIMITS FOR
PERSONS APPLYING TO BE LICENSED BY
THE OREGON LIQUOR CONTROL COMMISSION**

SECTION 22. (1) As used in this section:

- (a) "Marijuana" has the meaning given that term in ORS 475B.015.
- (b) "Marijuana grow site" has the meaning given that term in ORS 475B.410.
- (c) "Marijuana producer" has the meaning given that term in ORS 475B.015.
- (d) "Premises" has the meaning given that term in ORS 475B.015.
- (e) "Produce" has the meaning given that term in ORS 475B.015.
- (f) "Registry identification cardholder" has the meaning given that term in ORS 475B.410.

(2) For each person responsible for a marijuana grow site located at an address, the amount of mature marijuana plants produced at that address on the effective date of this 2016 Act may continue to be produced at the address, regardless of whether the amount of mature marijuana plants is in excess of the limits imposed under ORS 475B.428, if an applicant for licensure under ORS 475B.070 files notice under subsection (3) of this section and if:

(a) A completed application has been filed with the Oregon Liquor Control Commission under ORS 475B.040 on or before April 1, 2016, to produce marijuana on the premises that is located at the address, and the applicant has paid in full the application fee adopted by the commission under ORS 475B.070; or

(b) Under the circumstance that the commission discontinues licensing the premises of marijuana producers pursuant to ORS 475B.800 (4)(b), a completed application has been filed with the commission under ORS 475B.040 on or before April 1, 2016, to produce marijuana on the premises that is located at the address, except for the requirement that a land use compatibility statement be obtained as described in ORS 475B.063, and the applicant has paid in full the application fee adopted by the commission under ORS 475B.070.

(3) To continue to produce mature marijuana plants in excess of the limits imposed under ORS 475B.428 as described in subsection (2) of this section, an applicant must file with the Oregon Health Authority, in a form and manner prescribed by the authority, notice that contains the following information:

(a) The name and signature of each person responsible for a marijuana grow site located at the address, attesting that each person responsible for a marijuana grow site located at the address consents to the intent to hold a license under ORS 475B.070;

(b) The name of each registry identification cardholder for whom marijuana is produced at the address;

(c) Proof that the applicant has sent, by certified mail with return receipt requested to each registry identification cardholder for whom marijuana is produced at the address, notice:

(A) Of the registry identification cardholder's possessory rights under ORS 475B.420 (7); and

(B) That the registry identification cardholder's possessory rights under ORS 475B.420 (7) terminate on the date that the applicant receives a license under ORS 475B.070 to produce marijuana on the premises that is located at the address; and

(d) A statement that the applicant has filed a completed application with the commission under ORS 475B.040, as described in subsection (2)(a) or (b) of this section, to produce marijuana on the premises that is located at the address.

(4) On the date that an applicant receives a license under ORS 475B.070 to produce marijuana at an address, the possessory right to all seeds, immature marijuana plants, mature marijuana plants and usable marijuana in the applicant's possession transfer from each registry identification cardholder for whom marijuana is being produced at the address to the applicant, provided that the applicant provides just compensation to any registry identification cardholder who requests to be paid for the seeds, immature marijuana plants, mature marijuana plants and usable marijuana being transferred from the registry identification cardholder to the applicant. Provision of just compensation as required by this subsection can be part of an agreement entered into under section 2 (4) of this 2016 Act.

(5) Upon receiving notice under subsection (3) of this section, the authority shall:

- (a) Forward the notice to the commission; and
- (b) Suspend issuing marijuana grow site registration cards under ORS 475B.420 to any proposed marijuana grow site that would be located at the premises for which licensure is sought.

(6) Upon receiving a notice from the authority under subsection (5) of this section, the commission shall provide the authority with information verifying that the applicant has met the conditions set forth in subsection (2)(a) or (b) of this section.

(7) The commission and the authority shall enter into an agreement for the purpose of sharing information necessary to implement and administer this section. As part of the agreement, the authority shall provide to the commission, notwithstanding any laws relating to the confidentiality of information under ORS 475B.460 and 475B.462, the registration information of a person responsible for a marijuana grow site, or of a registry identification cardholder, whose name is submitted as part of the notice required by subsection (3) of this section. Information received by the commission under this subsection 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.

SECTION 23. Notwithstanding the operative date specified in section 179, chapter 614, Oregon Laws 2015, a person is not subject to the limits imposed on mature marijuana plants under ORS 475B.428 (3) and (4):

- (1) Until April 1, 2016; or
- (2) If the person has filed a completed application with the Oregon Liquor Control Commission under ORS 475B.040 as described in section 22 (2)(a) and (b) of this 2016 Act.

SECTION 24. Sections 22 and 23 of this 2016 Act are repealed on January 1, 2017.

STAY ON POSSESSION LIMITS FOR PERSONS NOT APPLYING TO BE LICENSED BY THE OREGON LIQUOR CONTROL COMMISSION

SECTION 25. Section 26 of this 2016 Act is added to and made a part of ORS 475B.400 to 475B.525.

SECTION 26. (1) For the persons responsible for each marijuana grow site located at an address to continue to produce the number of mature marijuana plants described in ORS 475B.428 (3)(b) or (4)(b), each person responsible for a marijuana grow site located at the address shall send a notice to the Oregon Health Authority, in a form and manner prescribed by the authority, stating:

(a) That the person responsible for the marijuana grow site was first registered with the authority under ORS 475B.420 before January 1, 2015, to produce mature marijuana plants at that address; and

(b) The number of registry identification cardholders for whom the person responsible for the marijuana grow site was producing mature marijuana plants at that address on December 31, 2014.

(2) The authority may use any means necessary to verify information received by the authority under subsection (1) of this section.

(3) Notwithstanding the limits imposed on the production of mature marijuana plants in ORS 475B.428 (3), an amount of mature marijuana plants in excess of 12 mature marijuana plants, not to exceed 24 mature marijuana plants, may be produced at the address until the earlier of the following:

(a) The date on which the authority makes a determination that the address meets or does not meet the criteria for producing that amount of mature marijuana plants as set forth in subsection (5) of this section; or

(b) May 1, 2016.

(4) Notwithstanding the limits imposed on the production of mature marijuana plants in ORS 475B.428 (4), an amount of mature marijuana plants in excess of 48 mature marijuana plants, not to exceed 96 mature marijuana plants, may be produced at the address until the earlier of the following:

(a) The date on which the authority makes a determination that the address meets or does not meet the criteria for producing that amount of mature marijuana plants as set forth in subsection (5) of this section; or

(b) May 1, 2016.

(5) A person responsible for a marijuana grow site who was not first registered with the authority under ORS 475B.420 before January 1, 2015, and who was not registered at a marijuana grow site on December 31, 2014, may not be registered to produce mature marijuana plants in amounts set forth in ORS 475B.428 (3)(b) or (4)(b).

SECTION 27. Section 26 of this 2016 Act is repealed on January 1, 2017.

DISTANCE REQUIREMENTS

SECTION 28. Section 29 of this 2016 Act is added to and made a part of ORS 475B.400 to 475B.525.

SECTION 29. (1) Notwithstanding ORS 475B.450 (3)(d), a city or county may adopt an ordinance allowing a medical marijuana dispensary to be located within 500 feet of a public elementary or secondary school for which attendance is compulsory under ORS 339.020, or a private or parochial elementary or secondary school teaching children as described in ORS 339.030 (1)(a), if the county or city determines that a physical or geographic barrier capable of preventing children from traversing to the school separates the medical marijuana dispensary from the school.

(2) A city or county that adopts an ordinance under this section must inform the Oregon Health Authority, in a form and manner prescribed by the authority, of the content and effective date of the ordinance.

SECTION 29a. Section 29b of this 2016 Act is added to and made a part of ORS 475B.010 to 475B.395.

SECTION 29b. (1) Notwithstanding ORS 475B.110 (2)(d), a city or county may adopt an ordinance allowing a premises for which a license has been issued under ORS 475B.110 to be located within 500 feet of a public elementary or secondary school for which attendance is compulsory under ORS 339.020, or a private or parochial elementary or secondary school teaching children as described in ORS 339.030 (1)(a), if the county or city determines that a physical or geographic barrier capable of preventing children from traversing to the school separates the premises from the school.

(2) A city or county that adopts an ordinance under this section must inform the Oregon Liquor Control Commission, in a form and manner prescribed by the commission, of the content and effective date of the ordinance.

SECTION 30. ORS 475B.450 is amended to read:

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

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

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

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

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

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

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

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

(c) The address of the medical marijuana dispensary;

(d) Proof, until January 1, 2020, that each individual responsible for the medical marijuana dispensary has been a resident of this state for two or more years, and proof that each individual responsible for the medical marijuana dispensary is 21 years of age or older;

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

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

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

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

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

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

(d) **Except as provided under section 29 of this 2016 Act**, may not be located within 1,000 feet of:

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

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

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

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

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

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

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

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

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

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

(8) The authority may inspect:

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

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

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

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

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

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

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

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

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

SECTION 31. Section 29 of this 2016 Act and the amendments to ORS 475B.450 by section 30 of this 2016 Act become operative on March 1, 2016.

MARIJUANA ABUSE PREVENTION

SECTION 32. ORS 336.241 is amended to read:

336.241. (1) As part of the comprehensive alcohol and drug abuse policy and implementation plan described in ORS 336.222, the Oregon Health Authority, State Board of Education and Alcohol and Drug Policy Commission shall collaborate on developing **supplemental curricula** for marijuana abuse prevention [*curricula*] and public information programs for students, parents, teachers, administrators and school board members.

(2) In the manner provided by ORS 192.245, the authority shall report on the implementation of this section to the Legislative Assembly on or before February 1 of each odd-numbered year.

REPEAL OF AUTHORITY TO ISSUE MARIJUANA PRODUCTION LICENSES TO MARIJUANA GROW SITES

SECTION 33. ORS 475B.080 is repealed.

SECTION 34. ORS 475B.285 is amended to read:

475B.285. (1) An Oregon Liquor Control Commission regulatory specialist 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 and 475B.010 to 475B.395, ORS chapter 153 and chapter 743, Oregon Laws 1971, to conduct inspections and investigations, make seizures, aid in prosecutions for offenses, issue citations for violations and otherwise enforce the provisions of ORS 475B.010 to 475B.395, any rule adopted under 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, including enforcing any provision of a 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 [*licensed*] premises.

- (2) A commission regulatory specialist may not:
- (a) Be sworn in as a federal law enforcement official and act in that capacity while performing duties under this section.
 - (b) Carry a firearm.
 - (c) Conduct inspections and investigations of a primary residence or for purposes of ensuring compliance with ORS 475B.245 and 475B.375.
 - (d) [Except as provided in ORS 475B.080,] Conduct inspections and investigations for purposes of ensuring compliance with ORS 475B.400 to 475B.525.

UNIT CAPTIONS

SECTION 35. The unit captions used in this 2016 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 2016 Act.

EMERGENCY CLAUSE

SECTION 36. This 2016 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2016 Act takes effect on its passage.

Passed by Senate February 23, 2016

.....
 Lori L. Brocker, Secretary of Senate

 Peter Courtney, President of Senate

Received by Governor:

.....M.,....., 2016

Approved:

.....M.,....., 2016

Passed by House February 26, 2016

.....
 Tina Kotek, Speaker of House

.....
 Kate Brown, Governor

Filed in Office of Secretary of State:

.....M.,....., 2016

.....
 Jeanne P. Atkins, Secretary of State

Enrolled Senate Bill 1598

Sponsored by Senator BURDICK, Representative LININGER; Senators BEYER, FERRIOLI, KRUSE,
Representatives BUCKLEY, HELM, OLSON, WILSON

CHAPTER

AN ACT

Relating to cannabis; creating new provisions; amending ORS 475B.050, 475B.160, 475B.215, 475B.235, 475B.245, 475B.340, 475B.370, 475B.375, 475B.443, 475B.490 and 475B.500 and section 79, chapter ___, Oregon Laws 2016 (Enrolled House Bill 4014); repealing sections 16, 17, 18, 26, 27, 28, 28a, 29 and 67, chapter ___, Oregon Laws 2016 (Enrolled House Bill 4014), and sections 16, 17, 18, 19 and 20, chapter ___, Oregon Laws 2016 (Enrolled Senate Bill 1511); and declaring an emergency.

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

LAND USE LAWS

SECTION 1. Section 2 of this 2016 Act is added to and made a part of ORS 475B.010 to 475B.395.

SECTION 2. The requirement under ORS 475B.063 to obtain a land use compatibility statement as a condition of receiving a license under ORS 475B.070 does not apply to an applicant if:

- (1) The applicant is applying for a license at an address where a marijuana grow site registered under ORS 475B.420 is located;
- (2) The address is outside of city limits;
- (3) At least one 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;
- (4) Each person responsible for a marijuana grow site located at the address first registered with the Oregon Health Authority under ORS 475B.420 before February 1, 2016; and
- (5) The applicant is applying for a mature marijuana plant grow canopy of:
 - (a) 5,000 square feet or less, if the marijuana is produced outdoors; or
 - (b) 1,250 square feet or less, if the marijuana is produced indoors.

SECTION 3. ORS 475B.370 is amended to read:

475B.370. (1) *[Notwithstanding any other provision of law,]* 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 *[and]*, 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 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 under ORS 475B.235.**

SECTION 4. ORS 475B.340 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 under ORS 475B.070 may produce marijuana **or in which a person who 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 under ORS 475B.090 may process marijuana **or in which a person who holds a certificate issued under ORS 475B.235 may process marijuana;**
- (c) Reasonable conditions on the manner in which a marijuana wholesaler licensed under ORS 475B.100 may sell marijuana at wholesale;
- (d) Reasonable limitations on the hours during which a marijuana retailer licensed under ORS 475B.110 may operate;
- (e) Reasonable conditions on the manner in which a marijuana retailer licensed under ORS 475B.110 may sell marijuana items;
- (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 [or], 475B.110 **or 475B.235;** 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 [or], 475B.110 **or 475B.235** 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 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,** 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.**

[(3) Regulations adopted under this section must be consistent with city and county comprehensive plans and zoning ordinances and applicable provisions of public health and safety laws.]

SECTION 5. ORS 475B.500 is amended to read:

475B.500. (1) For purposes of this section, “reasonable regulations” includes:

(a) Reasonable limitations on the hours during which the marijuana grow site of a person designated to produce marijuana by a registry identification cardholder, a marijuana processing site or a medical marijuana dispensary may operate;

(b) Reasonable conditions on the manner in which **the marijuana grow site of a person designated to produce marijuana by a registry identification cardholder**, a marijuana processing site or a medical marijuana dispensary may transfer usable marijuana, medical cannabinoid products, cannabinoid concentrates, cannabinoid extracts, immature marijuana plants and seeds;

(c) Reasonable requirements related to the public’s access to the marijuana grow site of a person designated to produce marijuana by a registry identification cardholder, a marijuana processing site or a medical marijuana dispensary; and

(d) Reasonable limitations on where the marijuana grow site of a person designated to produce marijuana by a registry identification cardholder, a marijuana processing site or a medical marijuana dispensary 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 marijuana grow sites of persons designated to produce marijuana by registry identification cardholders, marijuana processing sites and medical marijuana dispensaries that are located in the area subject to the jurisdiction of the city or county.

SECTION 6. ORS 475B.375 is amended to read:

475B.375. [ORS 475B.025, 475B.033, 475B.035, 475B.040, 475B.045, 475B.055, 475B.060, 475B.065, 475B.068, 475B.070, 475B.090, 475B.100, 475B.110, 475B.130, 475B.160, 475B.165, 475B.170, 475B.180, 475B.185, 475B.190, 475B.195, 475B.200, 475B.205, 475B.210, 475B.250, 475B.255, 475B.260, 475B.265, 475B.270, 475B.275, 475B.280, 475B.298, 475B.300, 475B.305, 475B.310, 475B.315, 475B.320, 475B.325, 475B.330, 475B.335, 475B.340, 475B.350, 475B.353, 475B.355, 475B.358, 475B.365, 475B.378, 475B.380 and 475B.395:] **Except for ORS 475B.370 and 475B.373, ORS 475B.010 to 475B.395:**

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

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

FINGERPRINTING

SECTION 7. (1) Sections 9 and 10 of this 2016 Act are added to and made a part of ORS 475B.010 to 475B.395.

(2) Section 11 of this 2016 Act is added to and made a part of ORS 475B.550 to 475B.590.

SECTION 8. ORS 475B.050 is amended to read:

475B.050. For the purpose of requesting a state or nationwide criminal records check under ORS 181A.195, the Oregon Liquor Control Commission may require the fingerprints of any individual listed on an application submitted under ORS 475B.040. **The powers conferred on the commission under this section include the power to require the fingerprints of:**

(1) If the applicant is a limited partnership, each partner of the limited partnership;

(2) If the applicant is a limited liability company, each member of the limited liability company;

(3) If the applicant is a corporation, each director and officer of the corporation;

(4) Any individual who holds a financial interest of 10 percent or more in the person applying for the license; and

(5) Any individual who is a partner, member, director or officer of a legal entity with a financial interest in the person applying for the license.

SECTION 9. For the purpose of requesting a state or nationwide criminal records check under ORS 181A.195, the Oregon Liquor Control Commission may require the fingerprints of any individual listed on an application submitted under ORS 475B.218.

SECTION 10. For the purpose of requesting a state or nationwide criminal records check under ORS 181A.195, the Oregon Liquor Control Commission may require the fingerprints of any individual listed on an application submitted under ORS 475B.235. The powers conferred on the commission under this section include the power to require the fingerprints of:

- (1) If the applicant is a limited partnership, each partner of the limited partnership;
- (2) If the applicant is a limited liability company, each member of the limited liability company;
- (3) If the applicant is a corporation, each director and officer of the corporation;
- (4) Any individual who holds a financial interest of 10 percent or more in the person applying for the certificate; and
- (5) Any individual who is a partner, member, director or officer of a legal entity with a financial interest in the person applying for the certificate.

SECTION 11. For the purpose of requesting a state or nationwide criminal records check under ORS 181A.195, the Oregon Liquor Control Commission may require the fingerprints of any individual listed on an application submitted under ORS 475B.560. The powers conferred on the commission under this section include the power to require the fingerprints of:

- (1) If the applicant is a limited partnership, each partner of the limited partnership;
- (2) If the applicant is a limited liability company, each member of the limited liability company;
- (3) If the applicant is a corporation, each director and officer of the corporation;
- (4) Any individual who holds a financial interest of 10 percent or more in the person applying for the license; and
- (5) Any individual who is a partner, member, director or officer of a legal entity with a financial interest in the person applying for the license.

SECTION 12. Sections 13 and 14 of this 2016 Act are added to and made a part of ORS 475B.400 to 475B.525.

SECTION 13. For the purpose of requesting a state or nationwide criminal records check under ORS 181A.195, the Oregon Health Authority may require the fingerprints of any individual listed on an application submitted under ORS 475B.435. The powers conferred on the authority under this section include the power to require the fingerprints of:

- (1) If the applicant is a limited partnership, each partner of the limited partnership;
- (2) If the applicant is a limited liability company, each member of the limited liability company;
- (3) If the applicant is a corporation, each director and officer of the corporation;
- (4) Any individual who holds a financial interest of 10 percent or more in the person applying for the license; and
- (5) Any individual who is a partner, member, director or officer of a legal entity with a financial interest in the person applying for the license.

SECTION 14. For the purpose of requesting a state or nationwide criminal records check under ORS 181A.195, the Oregon Health Authority may require the fingerprints of any individual listed on an application submitted under ORS 475B.450. The powers conferred on the authority under this section include the power to require the fingerprints of:

- (1) If the applicant is a limited partnership, each partner of the limited partnership;
- (2) If the applicant is a limited liability company, each member of the limited liability company;
- (3) If the applicant is a corporation, each director and officer of the corporation;

(4) Any individual who holds a financial interest of 10 percent or more in the person applying for the license; and

(5) Any individual who is a partner, member, director or officer of a legal entity with a financial interest in the person applying for the license.

SECTION 15. If House Bill 4014 becomes law, sections 16, 17 and 18, chapter __, Oregon Laws 2016 (Enrolled House Bill 4014), are repealed.

WORKER PERMITS

SECTION 16. ORS 475B.215 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** 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** 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 17. The amendments to ORS 475B.215 by section 16 of this 2016 Act apply to individuals who have been hired by, or who have otherwise entered into an agreement to perform work for or on behalf of, a person who holds a license under ORS 475B.070, 475B.090, 475B.100 or 475B.110 before, on or after the operative date specified in section 32 (1) of this 2016 Act.

MARIJUANA PROCESSING SITES REGULATED UNDER OREGON MEDICAL MARIJUANA ACT

SECTION 18. If House Bill 4014 becomes law, ORS 475B.443, as amended by section 7, chapter __, Oregon Laws 2016 (Enrolled House Bill 4014), is amended to read:

475B.443. [(1)] (1)(a) **Except as provided in paragraph (b) of this subsection**, a marijuana processing site may not transfer medical cannabinoid products, cannabinoid concentrates or cannabinoid extracts to a person other than another marijuana processing site or a medical marijuana dispensary.

(b) **A marijuana processing site may transfer a medical cannabinoid product, cannabinoid concentrate or cannabinoid extract to a registry identification cardholder, or the designated primary caregiver of a registry identification cardholder, provided that the registry identification cardholder or designated primary caregiver provides the marijuana processing site with the marijuana to be processed into the medical cannabinoid product, cannabinoid concentrate or cannabinoid extract and the marijuana processing site receives no compensation for the transfer.**

(c) **A registry identification cardholder, or the designated primary caregiver of a registry identification cardholder, may reimburse a marijuana processing site for all costs associated with the processing of marijuana for the registry identification cardholder.**

(2) A person other than a marijuana processing site may not transfer medical cannabinoid products, cannabinoid concentrates or cannabinoid extracts to a medical marijuana dispensary.

MARIJUANA PRODUCTION REPORTING UNDER THE OREGON MEDICAL MARIJUANA ACT

SECTION 19. Section 20 of this 2016 Act is added to and made a part of ORS 475B.400 to 475B.525.

SECTION 20. (1) Notwithstanding ORS 475B.423 (2), a person designated to produce marijuana by a registry identification cardholder may delegate the person's duty to submit to the Oregon Health Authority the information described in ORS 475B.423 to another person designated to produce marijuana by a registry identification cardholder if the marijuana grow sites for which the persons are required to submit the information are located at the same address.

(2) A person to whom the duty described in subsection (1) of this section is delegated must inform the authority of the delegation in a form and manner prescribed by the authority.

(3) In adopting rules prescribing the form and manner in which information is submitted to the authority under ORS 475B.423, the authority shall adopt rules that lessen the administrative burden on persons to whom the duty described in subsection (1) of this section is delegated.

INSPECTIONS OF MARIJUANA GROW SITES

SECTION 20a. ORS 475B.490 is amended to read:

475B.490. (1) Registration under ORS 475B.400 to 475B.525 or possession of proof of registration under ORS 475B.400 to 475B.525 does not constitute probable cause to search the person or property of the registrant or otherwise subject the person or property of the registrant to inspection by a government agency. However, the Oregon Health Authority may inspect [a] **the marijuana grow site [registered under ORS 475B.420] of a person designated to produce marijuana by a registry identification cardholder**, a marijuana processing site registered under ORS 475B.435, or a medical marijuana dispensary registered under ORS 475B.450, at any reasonable time to determine whether the person responsible for the marijuana grow site, the person responsible for the marijuana processing site, or the person responsible for the medical marijuana dispensary, is in compliance with ORS 475B.400 to 475B.525 and rules adopted under ORS 475B.400 to 475B.525.

(2) Any property interest possessed, owned or used in connection with the medical use of marijuana or acts incidental to the medical use of marijuana that has been seized by state or local law enforcement officers may not be harmed, neglected, injured or destroyed while in the possession of a law enforcement agency, except that a law enforcement agency has no responsibility to maintain live marijuana plants lawfully seized. Such property interest may not be forfeited under any provision of law providing for the forfeiture of property, except pursuant to a sentence imposed after conviction of a criminal offense. Marijuana and equipment or paraphernalia used to produce, process or administer marijuana that was seized by a law enforcement officer shall be returned immediately if the district attorney in whose county the property was seized, or the district attorney's designee, determines that the person from whom the marijuana, equipment or paraphernalia was seized is entitled to the protections provided by ORS 475B.400 to 475B.525. The determination may be evidenced by a decision not to prosecute, the dismissal of charges or acquittal.

MEDICAL MARIJUANA DISPENSARIES ORGANIZED AS NONPROFIT CORPORATIONS

SECTION 21. Section 22 of this 2016 Act is added to and made a part of ORS 475B.400 to 475B.525.

SECTION 22. (1) In addition to the powers granted nonprofit corporations under ORS 65.077 and 65.081, a medical marijuana dispensary that is owned by a nonprofit corporation organized under ORS chapter 65 may receive by gift, devise or bequest:

(a) Usable marijuana, immature marijuana plants and seeds from registry identification cardholders, designated primary caregivers, persons responsible for marijuana grow sites,

persons who hold a license under ORS 475B.070 and persons who hold a certificate under ORS 475B.235; and

(b) Medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts from persons responsible for marijuana processing sites, persons who hold a license under ORS 475B.090 and persons who hold a certificate under ORS 475B.235.

(2) If a registry identification cardholder's annual income is at or below the federal poverty guidelines, a medical marijuana dispensary that is owned by a nonprofit corporation organized under ORS chapter 65 shall dispense usable marijuana, immature marijuana plants, seeds, medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts to that registry identification cardholder or the designated primary caregiver of that registry identification cardholder free of charge or at a discounted price.

(3) The Oregon Health Authority shall adopt rules necessary to implement this section.

SECTION 23. ORS 475B.160 is amended to read:

475B.160. (1) **Except as provided in section 22 of this 2016 Act,** a marijuana producer, marijuana processor or marijuana wholesaler may deliver marijuana items only to or on a [licensed] premises.

(2) A [licensed] premises may receive marijuana items only from a marijuana producer, marijuana processor or marijuana wholesaler for whom a premises has been licensed by the Oregon Liquor Control Commission.

(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, but deliveries may be made by the marijuana retailer to consumers pursuant to a bona fide order received at the [licensed] premises prior to delivery.

SECTION 24. ORS 475B.235 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 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 under this section may give, devise or bequest usable marijuana, immature marijuana plants, 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 of this 2016 Act.

[(5)] (6) A person certified 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 *[rules adopted by the commission under subsection (3)(e) of]* this section **and rules adopted by the commission under this section.**

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

[(7)] (8) A person who is certified under this section, and an employee of or other person who performs work for a person certified 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.

RESEARCH PROPOSALS

SECTION 25. The Oregon Health Authority shall solicit proposals through a competitive process for the purpose of choosing one or more entities to conduct research for the purpose of developing public health and safety standards for consumers of marijuana and marijuana-derived products.

EXPUNGEMENT

SECTION 26. When a person convicted of a marijuana offense based on conduct that occurred before the effective date of chapter __, Oregon Laws 2016 (Enrolled House Bill 4014), files a motion for a court order setting aside the conviction pursuant to ORS 137.225, the court shall consider the offense to be classified under ORS 161.535 or 161.555 as if the conduct occurred on or after the effective date of chapter __, Oregon Laws 2016 (Enrolled House Bill 4014), or if the offense is no longer a crime, the court shall consider the offense to be a Class C misdemeanor, when determining if the person is eligible for the order.

TECHNICAL AMENDMENTS

SECTION 27. If House Bill 4014 becomes law, ORS 475B.245, as amended by section 36, chapter __, Oregon Laws 2016 (Enrolled House Bill 4014), is amended to read:

475B.245. ORS 475B.025, 475B.030, 475B.033, 475B.035, 475B.040, 475B.045, 475B.050, 475B.055, 475B.060, 475B.063, 475B.065, 475B.068, 475B.070, 475B.075, *[475B.080,]* 475B.090, 475B.100, 475B.110, 475B.115, 475B.125, 475B.130, 475B.135, 475B.140, 475B.145, 475B.150, 475B.160, 475B.165, 475B.170, 475B.180, 475B.190, 475B.195, 475B.200, 475B.205, 475B.210, 475B.215, 475B.218, 475B.230, 475B.233, 475B.235, 475B.240, 475B.325, 475B.330, 475B.335, 475B.340, 475B.345, 475B.350, 475B.353, 475B.355, 475B.358, 475B.360, 475B.365, 475B.370 and 475B.373 do not apply:

(1) To the production or storage of homegrown marijuana at a household by one or more persons 21 years of age and older, if the total amount of homegrown marijuana at the household does not exceed four marijuana plants at any time.

(2) To the possession or storage of usable marijuana items at a household by one or more persons 21 years of age or older, if the total amount of usable marijuana at the household does not exceed eight ounces of usable marijuana at any time.

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

(4) To the making, processing, possession or storage of cannabinoid products at a household by one or more persons 21 years of age and older, if the total amount of cannabinoid products at the household does not exceed 72 ounces in liquid form at any time.

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

(6) To the possession of cannabinoid extracts at a household by one or more persons 21 years of age or older, if the cannabinoid extracts were purchased from a marijuana retailer that holds a license under ORS 475B.110, or transferred by a medical marijuana dispensary registered by the Oregon Health Authority under ORS 475B.450, and the total amount of cannabinoid extracts at the household does not exceed one ounce at any time.

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

(8) To the delivery of not more than 16 ounces of cannabinoid products in solid form at a time by a person 21 years of age or older to another person 21 years of age or older for noncommercial purposes.

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

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

SECTION 28. If House Bill 4014 becomes law, section 79, chapter ___, Oregon Laws 2016 (Enrolled House Bill 4014), is amended to read:

Sec. 79. (1) Sections 14, 15 [to 18], 21, 22, 24, 25, 30, 33 to 35, 40, 41, 47 to 53f, 69 and 71 to 75 of this 2016 Act, the amendments to statutes and session law by sections 1 to 13, 19, 20, 23, [26, 27,] 31, 32, 36 to 39, 42 to 46 and 54 to 68 of this 2016 Act and the repeal of statutes and session law by sections 76 and 77 of this 2016 Act become operative on March 1, 2016.

(2) The Oregon Liquor Control Commission, Oregon Health Authority and Department of Revenue may take any action before the operative date specified in subsection (1) of this section that is necessary to enable the commission, authority or department to exercise, on and after the operative date specified in subsection (1) of this section, all the duties, powers and functions conferred on the commission, authority or department by sections 14, 15 [to 18], 21, 22, 24, 25, 30, 33 to 35, 40, 41, 47 to 53f, 69 and 71 to 75 of this 2016 Act, the amendments to statutes and session law by sections 1 to 13, 19, 20, 23, [26, 27,] 31, 32, 36 to 39, 42 to 46 and 54 to 68 of this 2016 Act and the repeal of statutes and session law by sections 76 and 77 of this 2016 Act.

SECTION 29. If Senate Bill 1511 becomes law, sections 16, 17, 18 (amending ORS 475B.345), 19 (amending ORS 475B.730) and 20 (amending ORS 475B.750), chapter ___, Oregon Laws 2016 (Enrolled Senate Bill 1511), are repealed.

SECTION 30. If House Bill 4014 becomes law, sections 26 (amending ORS 475B.705), 27 (amending ORS 475B.710), 28 (amending ORS 316.680), 28a (amending ORS 316.680), 29 and 67 (amending ORS 475B.375) chapter ___, Oregon Laws 2016 (Enrolled House Bill 4014), are repealed.

REPORT

SECTION 31. (1) The Oregon Health Authority shall study methods by which medical marijuana dispensaries may dispense usable marijuana, immature marijuana plants, seeds, medical cannabinoid products, cannabinoid concentrates and cannabinoid extracts remotely in areas of this state where individuals who hold a registry identification card issued under ORS 475B.415 do not have access to a medical marijuana dispensary.

(2) On or before January 1, 2017, the Oregon Health Authority shall report the authority's findings under subsection (1) of this section to the interim legislative committees related to health, and any interim legislative committee specifically related to the regulation of medical marijuana or marijuana-derived medical products. The report shall be made in the manner provided by ORS 192.245 and may include recommendations for legislation.

OPERATIVE DATES

SECTION 31a. The amendments to ORS 475B.490 by section 20a of this 2016 Act become operative on March 1, 2016.

SECTION 32. (1) The amendments to ORS 475B.215 by section 16 of this 2016 Act become operative on July 1, 2016.

(2) Sections 21 and 22 of this 2016 Act and the amendments to ORS 475B.160 and 475B.235 by sections 23 and 24 of this 2016 Act become operative on January 1, 2017.

(3) The Oregon Liquor Control Commission and the Oregon Health Authority may take any action before the operative date specified in subsection (1) or (2) of this section, as applicable, that is necessary to enable the commission or authority to exercise, on and after the operative date specified in subsection (1) or (2) of this section, as applicable, all the duties, powers and functions conferred on the commission by the amendments to ORS 475B.215 by section 16 of this 2016 Act or conferred on the authority and the commission by sections 21 and 22 of this 2016 Act and the amendments to ORS 475B.160 and 475B.235 by sections 23 and 24 of this 2016 Act.

UNIT CAPTIONS

SECTION 33. The unit captions used in this 2016 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 2016 Act.

EMERGENCY CLAUSE

SECTION 34. This 2016 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2016 Act takes effect on its passage.

Passed by Senate February 29, 2016

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Lori L. Brocker, Secretary of Senate

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Peter Courtney, President of Senate

Passed by House March 2, 2016

.....
Tina Kotek, Speaker of House

Received by Governor:

.....M.,....., 2016

Approved:

.....M.,....., 2016

.....
Kate Brown, Governor

Filed in Office of Secretary of State:

.....M.,....., 2016

.....
Jeanne P. Atkins, Secretary of State