

Enrolled House Bill 3000

Sponsored by Representatives WILDE, MORGAN; Representatives LEIF, LEVY, MARSH, SMITH
DB, STARK, WALLAN, WEBER, Senator HANSELL

CHAPTER

AN ACT

Relating to cannabis; creating new provisions; amending ORS 475B.015, 475B.025, 475B.090, 475B.211, 475B.227, 475B.253, 475B.254, 475B.529, 475B.550, 475B.555, 475B.600, 475B.625, 475B.876, 571.260, 571.263, 571.269, 571.272, 571.281, 571.285, 571.288, 571.294, 571.302, 571.327, 571.330, 571.336, 571.337, 571.339, 571.345 and 571.348 and section 16, chapter 103, Oregon Laws 2018, and section 8, chapter 155, Oregon Laws 2021 (Enrolled House Bill 2519); repealing ORS 571.341; and declaring an emergency.

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

STATUTES RELATED TO MARIJUANA

SECTION 1. ORS 475B.015 is amended to read:

475B.015. As used in ORS 475B.010 to 475B.545:

(1) “Adult use cannabinoid” includes, but is not limited to, tetrahydrocannabinols, tetrahydrocannabinolic acids that are artificially or naturally derived, delta-8-tetrahydrocannabinol, delta-9-tetrahydrocannabinol, the optical isomers of delta-8-tetrahydrocannabinol or delta-9-tetrahydrocannabinol and any artificially derived cannabinoid that is reasonably determined to have an intoxicating effect.

(2) “Adult use cannabis item” means:

(a) A marijuana item; or

(b) An industrial hemp commodity or product that exceeds:

(A) The concentration of adult use cannabinoids established by the Oregon Liquor Control Commission, in consultation with the Oregon Health Authority and the State Department of Agriculture, by rule; or

(B) The greater of:

(i) A concentration of more than 0.3 percent total delta-9-tetrahydrocannabinol; or

(ii) The concentration of total delta-9-tetrahydrocannabinol allowed under federal law.

(3)(a) “Artificially derived cannabinoid” means a chemical substance that is created by a chemical reaction that changes the molecular structure of any chemical substance derived from the plant Cannabis family Cannabaceae.

(b) “Artificially derived cannabinoid” does not include:

(A) A naturally occurring chemical substance that is separated from the plant Cannabis family Cannabaceae by a chemical or mechanical extraction process;

(B) Cannabinoids that are produced by decarboxylation from a naturally occurring cannabinoid acid without the use of a chemical catalyst; or

(C) Any other chemical substance identified by the commission, in consultation with the authority and the department, by rule.

[1] (4) “Cannabinoid” means any of the chemical compounds that are the active constituents derived from marijuana.

[2] (5) “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 solvent, such as water, vegetable glycerin, vegetable oils, animal fats, isopropyl alcohol or ethanol;

(c) A chemical extraction process using carbon dioxide, provided that the process does not involve the use of high heat or pressure; or

(d) Any other process identified by the [Oregon Liquor Control] commission, in consultation with the [Oregon Health] authority, by rule.

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

[4] (7) “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 carbon dioxide, if the process uses high heat or pressure; or

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

[5(a)] (8)(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 571.269].

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

[7] (10) “Deliver” means the actual, constructive or attempted transfer from one person to another of a marijuana item, whether or not there is an agency relationship.

(11) “Delta-9-tetrahydrocannabinol” or “delta-9-THC” means (6aR,10aR)-6,6,9-trimethyl-3-pentyl-6a,7,8,10a-tetrahydro-6H-benzo[c]chromen-1-ol.

(12) “Delta-9-tetrahydrocannabinolic acid” or “delta-9-THCA” means (6aR,10aR)-1-hydroxy-6,6,9-trimethyl-3-pentyl-6a,7,8,10a-tetrahydro-6H-benzo[c]chromene-2-carboxylic acid.

[8] (13) “Designated primary caregiver” has the meaning given that term in ORS 475B.791.

[9(a)] (14)(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.301.

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

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

[(12)] (17) "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.

[(13)] (18) "Immature marijuana plant" means a marijuana plant that is not flowering.

(19) **"Industrial hemp" has the meaning given that term in ORS 571.269.**

[(14)] (20) "Licensee" means a person that holds a license issued under ORS 475B.070, 475B.090, 475B.100 or 475B.105.

[(15)] (21) "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.

[(16)(a)] (22)(a) "Manufacture" means producing, propagating, preparing, compounding, converting or processing a marijuana item, either directly or indirectly, by extracting from substances of natural origin.

(b) "Manufacture" includes any packaging or repackaging of a marijuana item or the labeling or relabeling of a container containing a marijuana item.

[(17)(a)] (23)(a) "Marijuana" means the plant Cannabis family Cannabaceae, any part of the plant Cannabis family Cannabaceae and marijuana seeds.

(b) "Marijuana" does not include:

(A) Industrial hemp[, *as defined in ORS 571.269*]; or

(B) Prescription drugs, as that term is defined in ORS 689.005, including those containing one or more cannabinoids, that are approved by the United States Food and Drug Administration and dispensed by a pharmacy, as defined in ORS 689.005.

[(18)] (24) "Marijuana flowers" means the flowers of the plant genus Cannabis within the plant family Cannabaceae.

[(19)] (25) "Marijuana items" means marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts.

[(20)] (26) "Marijuana leaves" means the leaves of the plant genus Cannabis within the plant family Cannabaceae.

[(21)] (27) "Marijuana processor" means:

(a) A person that processes marijuana items in this state[.]; or

(b) **A person that holds a license issued under ORS 475B.090 and processes industrial hemp commodities or products pursuant to ORS 571.336.**

[(22)] (28) "Marijuana producer" means a person that produces marijuana in this state.

[(23)] (29) "Marijuana retailer" means a person that sells marijuana items to a consumer in this state.

[(24)(a)] (30)(a) "Marijuana seeds" means the seeds of the plant Cannabis family Cannabaceae.

(b) "Marijuana seeds" does not include the seeds of industrial hemp[, *as defined in ORS 571.269*].

[(25)] (31) "Marijuana wholesaler" means a person that purchases marijuana items in this state for resale to a person other than a consumer.

[(26)] (32) "Mature marijuana plant" means a marijuana plant that is not an immature marijuana plant.

[(27)] (33) "Medical grade cannabinoid product, cannabinoid concentrate or cannabinoid extract" means a cannabinoid product, cannabinoid concentrate or cannabinoid extract that has a concentration of [*tetrahydrocannabinol*] **adult use cannabinoids** 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.797.

[(28)] (34) "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.791.

[(29)] (35) "Noncommercial" means not dependent or conditioned upon the provision or receipt of financial consideration.

[(30)(a)] **(36)(a)** “Premises” includes the following areas of a location licensed under ORS 475B.010 to 475B.545:

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

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

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

(b) “Premises” does not include a primary residence.

[(31)(a)] **(37)(a)** “Processes” means the processing, compounding or conversion of:

(A) Marijuana into cannabinoid products, cannabinoid concentrates or cannabinoid extracts[.];
or

(B) Pursuant to ORS 571.336, industrial hemp or industrial hemp commodities or products into industrial hemp commodities or products that contain cannabinoids and are intended for human consumption or use.

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

[(32)(a)] **(38)(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.

[(33)] **(39)** “Propagate” means to grow immature marijuana plants or to breed or produce marijuana seeds.

[(34)] **(40)** “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.

[(35)] **(41)** “Registry identification cardholder” has the meaning given that term in ORS 475B.791.

(42) “Total delta-9-tetrahydrocannabinol” or “total delta-9-THC” means the sum of the concentration or mass of delta-9-THCA multiplied by 0.877 plus the concentration or mass of delta-9-THC.

[(36)(a)] **(43)(a)** “Usable marijuana” means the dried leaves and flowers of marijuana.

(b) “Usable marijuana” does not include:

(A) Marijuana seeds;

(B) The stalks and roots of marijuana; or

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

SECTION 2. ORS 475B.025 is amended to read:

475B.025. (1) The Oregon Liquor Control Commission has the duties, functions and powers specified in ORS 475B.010 to 475B.545 and the powers necessary or proper to enable the commission to carry out the commission’s duties, functions and powers under ORS 475B.010 to 475B.545. The jurisdiction, supervision, duties, functions and powers of the commission extend to any person that produces, processes, transports, delivers, sells or purchases a marijuana item in this state. The commission may sue and be sued.

(2) The duties, functions and powers of the commission specified in ORS 475B.010 to 475B.545 include the following:

(a) To regulate the production, processing, transportation, delivery, sale and purchase of marijuana items in accordance with the provisions of ORS 475B.010 to 475B.545.

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

(c) To adopt, amend or repeal rules as necessary to carry out the intent and provisions of ORS 475B.010 to 475B.545, including rules that the commission considers necessary to protect the public health and safety.

(d) To exercise all powers incidental, convenient or necessary to enable the commission to administer or carry out the provisions of ORS 475B.010 to 475B.545 or any other law of this state that charges the commission with a duty, function or power related to marijuana. Powers described in this paragraph include, but are not limited to:

(A) Issuing subpoenas;

(B) Compelling the attendance of witnesses;

(C) Administering oaths;

(D) Certifying official acts;

(E) Taking depositions as provided by law;

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

(G) Establishing fees in addition to the application, licensing and renewal fees described in ORS 475B.070, 475B.090, 475B.100 and 475B.105, provided that any fee established by the commission is reasonably calculated not to exceed the cost of the activity for which the fee is charged.

(e) To adopt rules regulating and prohibiting advertising marijuana items in a manner:

(A) That is appealing to minors;

(B) That promotes excessive use;

(C) That promotes illegal activity; or

(D) That otherwise presents a significant risk to public health and safety.

(f) To regulate the use of marijuana items for other purposes as deemed necessary or appropriate by the commission.

(g) To establish pilot programs, of not more than three years in duration, to expand access to marijuana for medical use for registry identification cardholders and designated primary caregivers, as defined in ORS 475B.791.

(h) To regulate the processing, transportation, delivery, sale and purchase of artificially derived cannabinoids in accordance with the provisions of ORS 475B.010 to 475B.545.

(3) Fees collected pursuant to subsection (2)(d)(G) of this section shall be deposited in the Marijuana Control and Regulation Fund established under ORS 475B.296.

SECTION 3. 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 provide proof that the applicant is 21 years of age or older;

(c) If the marijuana processor processes marijuana extracts[,], **or industrial hemp extracts, as defined in ORS 571.269**, 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;

(d) Require industrial hemp commodities and products processed by a marijuana processor to meet any requirements for industrial hemp commodities or products established under ORS 571.260 to 571.348 or rules adopted under ORS 571.260 to 571.348;

[(d)] **(e)** Allow a marijuana processor registered under ORS 475B.139 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.545 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

[(e)] **(f)** 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 **or industrial hemp commodity or 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.545, the cost of administering ORS 475B.010 to 475B.545; and

(b) Shall be deposited in the Marijuana Control and Regulation Fund established under ORS 475B.296.

SECTION 4. ORS 475B.211 is amended to read:

475B.211. Except for a marijuana retailer registered under ORS 475B.146 to sell or deliver marijuana items to a registry identification cardholder who is 18 years of age or older **or as allowed pursuant to ORS 475B.785 to 475B.949**, a [licensee or licensee representative] **person** may not sell or deliver [a marijuana item] **an adult use cannabis item** to a person under 21 years of age.

SECTION 5. ORS 475B.227 is amended to read:

475B.227. (1) For purposes of this section:

(a) "Export" includes placing a marijuana item in any mode of transportation for hire, such as luggage, mail or parcel delivery, even if the transportation of the marijuana item is intercepted prior to the marijuana item leaving this state.

(b) "Marijuana item" includes **an** industrial hemp [products and commodities] **commodity or product** that [contain more than 0.3 percent tetrahydrocannabinol.] **exceeds the greater of:**

(A) A concentration of 0.3 percent total delta-9-tetrahydrocannabinol; or

(B) The concentration of total delta-9-tetrahydrocannabinol allowed under federal law.

(2) A person may not import marijuana items into this state or export marijuana items from this state.

(3) [Except as provided in subsection (4) of this section,] A violation of this section is a Class B violation[.], **except:**

(a) As provided in subsection (4) of this section; or

(b) If the item is industrial hemp and does not exceed a total delta-9-tetrahydrocannabinol concentration of one percent.

(4) A violation of this section is a:

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

(A) Is not for consideration and the person holds a license issued under ORS 475B.070, 475B.090, 475B.100 or 475B.105; or

(B) Concerns an amount of marijuana items that exceeds the applicable maximum amount specified in ORS 475B.337 (1)(a) to (f).

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

(A) Is for consideration and the person holds a license issued under ORS 475B.070, 475B.090, 475B.100 or 475B.105;

(B) Concerns an amount of marijuana items that exceeds 16 times the applicable maximum amount specified in ORS 475B.337 (1)(a) to (f); or

(C) Concerns a cannabinoid extract that was not purchased from a marijuana retailer that holds a license issued under ORS 475B.105.

SECTION 5a. ORS 475B.253 is amended to read:

475B.253. [(1) As used in this section, “industrial hemp” has the meaning given that term in ORS 571.269.]

[2] (1) An industrial hemp product or commodity offered for sale by a marijuana retailer that holds a license issued under ORS 475B.105 must carry a label that clearly identifies whether the product or commodity is derived from hemp or marijuana.

[3] (2) The Oregon Liquor Control Commission may inspect the premises of a marijuana retailer that holds a license issued under ORS 475B.105 to ensure compliance with this section.

SECTION 6. ORS 475B.254 is amended to read:

475B.254. (1) As used in this section:

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

(b) “Marijuana item” includes [industrial hemp products and commodities] **an industrial hemp commodity or product** that [contain more than 0.3 percent tetrahydrocannabinol.] **exceeds:**

(A) The concentration of adult use cannabinoids established by the Oregon Liquor Control Commission, in consultation with the Oregon Health Authority and the State Department of Agriculture, by rule; or

(B) The greater of:

(i) A concentration of 0.3 percent total delta-9-tetrahydrocannabinol; or

(ii) The concentration of total delta-9-tetrahydrocannabinol allowed under federal law.

(2) A person other than a marijuana retailer that holds a license issued under ORS 475B.105 may not sell marijuana items to a consumer.

SECTION 7. ORS 475B.529 is amended to read:

475B.529. (1) Notwithstanding the authority granted to the State Department of Agriculture under ORS chapters 571, 618 and 633 and ORS 632.275 to 632.290, 632.450 to 632.490, 632.516 to 632.625, 632.705 to 632.815, 632.835 to 632.850 and 632.900 to 632.985, the department may not exercise authority over marijuana items or a licensee, except that ORS 618.121 to 618.161, 618.991, 618.995, 633.311 to 633.479, 633.992 and 633.994 apply to marijuana items or to a licensee.

(2) In exercising its authority under ORS chapter 616, the department may not:

(a) Establish standards for marijuana as a food additive, as defined in ORS 616.205;

(b) Consider marijuana to be an adulterant, unless the concentration of a cannabinoid in a cannabinoid product, cannabinoid concentrate or cannabinoid extract exceeds acceptable levels established by the Oregon Health Authority by rule; or

(c) Apply ORS 616.256, 616.265, 616.270 or 616.275 to cannabinoid edibles or enforce ORS 616.256, 616.265, 616.270 or 616.275 with respect to cannabinoid edibles.

(3) Subsection (2)(b) of this section does not prohibit the department from considering artificially derived cannabinoids to be adulterants.

SECTION 8. ORS 475B.550 is amended to read:

475B.550. As used in ORS 475B.550 to 475B.590:

(1) “Adult use cannabinoid” includes, but is not limited to, tetrahydrocannabinols, tetrahydrocannabinolic acids that are artificially or naturally derived, delta-8-tetrahydrocannabinol, delta-9-tetrahydrocannabinol, the optical isomers of delta-8-tetrahydrocannabinol or delta-9-tetrahydrocannabinol and any artificially derived cannabinoid that is reasonably determined to have an intoxicating effect.

(2) “Artificially derived cannabinoid” has the meaning given that term in ORS 475B.015.

[(1)] (3) “Cannabinoid” means any of the chemical compounds that are the active constituents of marijuana.

[(2)] (4) “Cannabinoid concentrate or extract” means a substance obtained by separating cannabinoids from marijuana by a mechanical, chemical or other process.

[(3)] (5) “Cannabinoid edible” means food or potable liquid into which a cannabinoid concentrate or extract or the dried leaves or flowers of marijuana have been incorporated.

[(4)(a)] (6)(a) “Cannabinoid product” means a cannabinoid edible or any other product intended for human consumption or use, including a product intended to be applied to a person’s skin or hair, that contains cannabinoids or the dried leaves or flowers of marijuana.

(b) “Cannabinoid product” does not include:

- (A) Usable marijuana by itself;
- (B) A cannabinoid concentrate or extract by itself; or
- (C) Industrial hemp, as defined in ORS 571.269.

[(5)(a)] (7)(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:

- (A) Industrial hemp, as defined in ORS 571.269; or
- (B) Prescription drugs, as that term is defined in ORS 689.005, including those containing one or more cannabinoids, that are approved by the United States Food and Drug Administration and dispensed by a pharmacy, as defined in ORS 689.005.

[(6)] (8) “Marijuana item” means marijuana, usable marijuana, a cannabinoid product or a cannabinoid concentrate or extract.

[(7)] (9) “Processing” means the compounding or conversion of marijuana into cannabinoid products or cannabinoid concentrates or extracts.

[(8)] (10) “Producing” means:

- (a) Planting, cultivating, growing, trimming or harvesting marijuana; or
- (b) Drying marijuana leaves and flowers.

[(9)(a)] (11)(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 9. ORS 475B.555 is amended to read:

475B.555. (1) As is necessary to protect the public health and safety, and in consultation with the Oregon Liquor Control Commission and the State Department of Agriculture, the Oregon Health Authority shall adopt rules:

- (a) Establishing standards for testing marijuana items.
- (b) Identifying appropriate tests for marijuana items, depending on the type of marijuana item and the manner in which the marijuana item was produced or processed, that are necessary to protect the public health and safety, including, but not limited to, tests for:
 - (A) Microbiological contaminants;
 - (B) Pesticides;
 - (C) Other contaminants;
 - (D) Solvents or residual solvents; and
 - (E) [*Tetrahydrocannabinol*] **Adult use cannabinoid** and cannabidiol concentration.
- (c) Establishing procedures for determining batch sizes and for sampling usable marijuana, cannabinoid products and cannabinoid concentrates or extracts.
- (d) Establishing different minimum standards for different varieties of usable marijuana and different types of cannabinoid products and cannabinoid concentrates and extracts.

(2) In addition to the testing requirements established under subsection (1) of this section, the authority or the commission may require cannabinoid edibles to be tested in accordance with any applicable law of this state, or any applicable rule adopted under a law of this state, related to the production and processing of food products or commodities.

(3) In adopting rules under ORS 475B.785 to 475B.949, the authority may require:

(a) A person responsible for a marijuana grow site under ORS 475B.810 to test usable marijuana before transferring the usable marijuana to a registrant other than an individual who holds a registry identification card under ORS 475B.797; and

(b) A person processing marijuana to test cannabinoid products or cannabinoid concentrates or extracts before transferring the cannabinoid products or cannabinoid concentrates or extracts to a registrant other than an individual who holds a registry identification card under ORS 475B.797.

(4) In adopting rules under ORS 475B.010 to 475B.545, the commission may require:

(a) A marijuana producer that holds a license under ORS 475B.070 or a marijuana wholesaler that holds a license under ORS 475B.100 to test usable marijuana before selling or transferring the usable marijuana; and

(b) A marijuana processor that holds a license under ORS 475B.090 or a marijuana wholesaler that holds a license under ORS 475B.100 to test cannabinoid products or cannabinoid concentrates or extracts before selling or transferring the cannabinoid products or cannabinoid concentrates or extracts.

(5) The authority and the commission may conduct random testing of marijuana items for the purpose of determining whether a person subject to testing under subsection (3) of this section or a licensee subject to testing under subsection (4) of this section is in compliance with this section.

(6) In adopting rules to implement this section, the authority and commission may not require a marijuana item to undergo the same test more than once unless the marijuana item is processed into a different type of marijuana item or the condition of the marijuana item has fundamentally changed.

(7) The testing of marijuana items as required by this section must be conducted by a laboratory licensed by the commission under ORS 475B.560 and accredited by the authority under ORS 475B.565.

(8) In adopting rules under subsection (1) of this section, the authority:

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

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

SECTION 10. ORS 475B.600 is amended to read:

475B.600. As used in ORS 475B.600 to 475B.655:

(1) **“Adult use cannabinoid” includes, but is not limited to, tetrahydrocannabinols, tetrahydrocannabinolic acids that are artificially or naturally derived, delta-8-tetrahydrocannabinol, delta-9-tetrahydrocannabinol, the optical isomers of delta-8-tetrahydrocannabinol or delta-9-tetrahydrocannabinol and any artificially derived cannabinoid that is reasonably determined to have an intoxicating effect.**

(2) **“Artificially derived cannabinoid” has the meaning given that term in ORS 475B.015.**

[1] (3) “Cannabinoid” means any of the chemical compounds that are the active constituents of marijuana.

[2] (4) “Cannabinoid concentrate or extract” means a substance obtained by separating cannabinoids from marijuana by a mechanical, chemical or other process.

[3] (5) “Cannabinoid edible” means food or potable liquid into which a cannabinoid concentrate or extract or the dried leaves or flowers of marijuana have been incorporated.

[4(a)] (6)(a) “Cannabinoid product” means a cannabinoid edible or any other product intended for human consumption or use, including a product intended to be applied to a person’s skin or hair, that contains cannabinoids or the dried leaves or flowers of marijuana.

(b) “Cannabinoid product” does not include:

(A) Usable marijuana by itself;

(B) A cannabinoid concentrate or extract by itself; or

(C) Industrial hemp, as defined in ORS 571.269.

[(5)(a)] **(7)(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:

(A) Industrial hemp, as defined in ORS 571.269; or

(B) Prescription drugs, as that term is defined in ORS 689.005, including those containing one or more cannabinoids, that are approved by the United States Food and Drug Administration and dispensed by a pharmacy, as defined in ORS 689.005.

[(6)] **(8)** “Marijuana item” means marijuana, usable marijuana, a cannabinoid product or a cannabinoid concentrate or extract.

[(7)] **(9)** “Processing” means the compounding or conversion of marijuana into cannabinoid products or cannabinoid concentrates or extracts.

[(8)] **(10)** “Producing” means:

(a) Planting, cultivating, growing, trimming or harvesting marijuana; or

(b) Drying marijuana leaves and flowers.

(11) “Total delta-9-THC” has the meaning given that term in ORS 475B.015.

[(9)(a)] **(12)(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 11. ORS 475B.625 is amended to read:

475B.625. (1) The **Oregon Liquor Control Commission, in consultation with the Oregon Health Authority and the State Department of Agriculture**, shall adopt rules establishing:

(a) The maximum concentration of [tetrahydrocannabinol] **total delta-9-THC** that is permitted in a single serving of a cannabinoid product or cannabinoid concentrate or extract;

(b) The maximum concentration of adult use cannabinoid, any other cannabinoid or artificially derived cannabinoid that is permitted in a single serving of a cannabinoid product or a cannabinoid concentrate or extract; and

[(b)] **(c)** The number of servings that are permitted in a **package** of cannabinoid product or cannabinoid concentrate or extract [package].

(2)(a) In adopting rules under subsection (1)(a) **or (b)** of this section, the [authority] **commission** shall prescribe the different levels of concentration of [tetrahydrocannabinol] **total delta-9-THC, artificially derived cannabinoids, adult use cannabinoids or any other cannabinoid** 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.797; and

(B) Consumers who do not hold a valid registry identification card issued under ORS 475B.797.

(b) In prescribing the levels of concentration of [tetrahydrocannabinol] **total delta-9-THC, artificially derived cannabinoids, adult use cannabinoids or any other cannabinoid** 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.797, the [authority] **commission** shall consider the appropriate level of concentration necessary to mitigate the symptoms or effects of a debilitating medical condition, as defined in ORS 475B.791.

(3) In adopting rules under ORS 475B.785 to 475B.949, the authority shall require all usable marijuana, cannabinoid products and cannabinoid concentrates and extracts transferred by a medical marijuana dispensary registered under ORS 475B.858 to meet the concentration standards and [packaging] **servings per package** standards adopted by rule pursuant to this section.

(4) In adopting rules under ORS 475B.010 to 475B.545, 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.105 to meet the concentration standards and [packaging] **servings per package** standards adopted by rule pursuant to this section.

SECTION 11a. If Senate Bill 408 becomes law, section 11 of this 2021 Act (amending ORS 475B.625) is repealed and ORS 475B.625, as amended by section 16, chapter __, Oregon Laws 2021 (Enrolled Senate Bill 408), is amended to read:

475B.625. (1) The Oregon Liquor Control Commission, in consultation with the Oregon Health Authority and the State Department of Agriculture, shall adopt rules establishing:

(a) The maximum concentration of [*tetrahydrocannabinol*] **total delta-9-THC** that is permitted in a single serving of a cannabinoid product or cannabinoid concentrate or extract; *[and]*

(b) The maximum concentration of adult use cannabinoid, any other cannabinoid or artificially derived cannabinoid that is permitted in a single serving of a cannabinoid product or a cannabinoid concentrate or extract; and

[(b)] (c) The number of servings that are permitted in a package of cannabinoid product or cannabinoid concentrate or extract.

(2)(a) In adopting rules under subsection (1)(a) **or (b)** of this section, the commission shall prescribe the different levels of concentration of [*tetrahydrocannabinol*] **total delta-9-THC, artificially derived cannabinoids, adult use cannabinoids or any other cannabinoid** 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.797; and

(B) Consumers who do not hold a valid registry identification card issued under ORS 475B.797.

(b) In prescribing the levels of concentration of [*tetrahydrocannabinol*] **total delta-9-THC, artificially derived cannabinoids, adult use cannabinoids or any other cannabinoid** 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.797, the commission shall consider the appropriate level of concentration necessary to mitigate the symptoms or effects of a debilitating medical condition, as defined in ORS 475B.791.

(3) In adopting rules under ORS 475B.785 to 475B.949, the [*Oregon Health*] authority shall adopt by rule requirements established by the commission by rule to require all usable marijuana, cannabinoid products and cannabinoid concentrates and extracts transferred by a medical marijuana dispensary registered under ORS 475B.858 to meet the concentration standards and servings per package standards adopted by rule pursuant to this section.

(4)(a) In adopting rules under ORS 475B.010 to 475B.545, the commission shall require all usable marijuana, cannabinoid products and cannabinoid concentrates and extracts sold or transferred by a marijuana retailer that holds a license under ORS 475B.105 to meet the concentration standards and servings per package standards adopted by rule pursuant to this section.

(b) The rules adopted by the commission under this subsection must allow for a concentration of up to 100 milligrams of [*tetrahydrocannabinol*] **adult use cannabinoid** per package of cannabinoid edibles.

SECTION 11b. If Senate Bill 408 becomes law, section 12 of this 2021 Act is amended to read:

Sec. 12. (1) The amendments to ORS 475B.025, 475B.090, 475B.227, 475B.253, 475B.254, 475B.550, 475B.555, 475B.600 and 475B.625 by sections 2, 3, 5, 5a, 6 and 8 to *[11]* **11a** of this 2021 Act become operative on January 1, 2022.

(2) The Oregon Health Authority, the Oregon Liquor Control Commission and the State Department of Agriculture may take any action before the operative date specified in subsection (1) of this section that is necessary to enable the authority, the commission and the department to exercise, on and after the operative date specified in subsection (1) of this section, all of the duties, functions and powers conferred on the authority, the commission and the department by the amendments to ORS 475B.025, 475B.090, 475B.227, 475B.253, 475B.254, 475B.550, 475B.555, 475B.600 and 475B.625 by sections 2, 3, 5, 5a, 6 and 8 to *[11]* **11a** of this 2021 Act.

SECTION 12. (1) **The amendments to ORS 475B.025, 475B.090, 475B.227, 475B.253, 475B.254, 475B.550, 475B.555, 475B.600 and 475B.625 by sections 2, 3, 5, 5a, 6 and 8 to 11 of this 2021 Act become operative on January 1, 2022.**

(2) **The Oregon Health Authority, the Oregon Liquor Control Commission and the State Department of Agriculture may take any action before the operative date specified in sub-**

section (1) of this section that is necessary to enable the authority, the commission and the department to exercise, on and after the operative date specified in subsection (1) of this section, all of the duties, functions and powers conferred on the authority, the commission and the department by the amendments to ORS 475B.025, 475B.090, 475B.227, 475B.253, 475B.254, 475B.550, 475B.555, 475B.600 and 475B.625 by sections 2, 3, 5, 5a, 6 and 8 to 11 of this 2021 Act.

MEDICAL MARIJUANA

SECTION 12a. ORS 475B.876 is amended to read:

475B.876. (1) The Oregon Health Authority shall maintain a telephone hotline for the following persons to inquire if an address is the location of a marijuana grow site, marijuana processing site or medical marijuana dispensary or is the proposed location of a marijuana grow site, marijuana processing site or medical marijuana dispensary:

- (a) A person designated by a city or a county;
- (b) A person designated by the Water Resources Department; *[and]*
- (c) A person designated by the watermaster of any water district~~[,]~~; **and**
- (d) A person designated by the State Department of Agriculture.**

(2) The authority may disclose the address of a marijuana grow site for purposes of this section notwithstanding ORS 475B.882.

INDUSTRIAL HEMP

SECTION 13. Sections 14 to 18c of this 2021 Act are added to and made a part of ORS 571.260 to 571.348.

SECTION 14. (1) The State Department of Agriculture shall conduct a criminal records check under ORS 181A.195 on an individual who submits an application for a grower license under ORS 571.281.

(2) For the purpose of requesting a state or nationwide criminal records check, the department may require fingerprints of any individual listed on an application submitted under ORS 571.260 to 571.348, including:

- (a) If the applicant is a limited partnership, each partner of the limited partnership;
 - (b) If the applicant is a limited liability company, each member of the limited liability company;
 - (c) If the applicant is a corporation, each director and officer of the corporation;
 - (d) Any individual who is a partner, member, director or officer of an entity with a financial interest in the applicant; and
 - (e) Other key participants with the applicant, as identified by the department by rule.
- (3) ORS 181A.195 (10) does not apply to the department for purposes of conducting a criminal records check under this section.

SECTION 15. (1) Except as provided in subsection (2) of this section:

(a) If a person has been convicted of a felony related to a controlled substance under state or federal law, the person is ineligible for a license under ORS 571.281 to grow hemp issued by the State Department of Agriculture for 10 years following the date of the person's conviction.

(b) If a licensee or an applicant, or a person related to the applicant as described in section 14 (2)(e) of this 2021 Act, is convicted of a felony related to a controlled substance under state or federal law, the department may deny, revoke or refuse to renew a grower license under ORS 571.281 during the 10 years following the date of conviction.

(2) This section does not apply to a person who was registered to grow hemp with the department before October 31, 2019.

SECTION 16. Section 15 of this 2021 Act applies to convictions entered before, on and after October 31, 2019.

SECTION 16a. (1) A person licensed under ORS 571.281 may, within the boundaries of this state, transport to or receive from:

(a) A person licensed under ORS 571.281 or a laboratory licensed under ORS 475B.560 industrial hemp or an industrial hemp commodity that contains no more tetrahydrocannabinol than allowed by the State Department of Agriculture by rule if the industrial hemp or industrial hemp used in the industrial hemp commodity originated from a crop inspected under ORS 571.281 (7) that was found to not contain an average tetrahydrocannabinol concentration exceeding the concentration specified by the department by rule.

(b) A person licensed under ORS 475B.090, 475B.100 or 475B.105 industrial hemp or an industrial hemp commodity or product that contains no more tetrahydrocannabinol than allowed by the Oregon Liquor Control Commission by rule if the industrial hemp or industrial hemp used in the industrial hemp commodity or product originated from a crop inspected under ORS 571.281 (7) that was found to not contain an average tetrahydrocannabinol concentration exceeding the concentration specified by the department by rule.

(2) Industrial hemp or an industrial hemp commodity or product transported or received as described in this section may not be considered a “marijuana item.”

SECTION 17. The Oregon Liquor Control Commission, in consultation with the State Department of Agriculture, shall adopt rules to establish:

(1) The maximum concentration of tetrahydrocannabinol permitted in a single serving of an industrial hemp product;

(2) The maximum concentration of any other cannabinoid, adult use cannabinoid or artificially derived cannabinoid that is permitted in a single serving of an industrial hemp product; and

(3) The number of servings that are permitted in a package of industrial hemp products.

SECTION 18. (1) As used in this section, “industrial hemp commodities and products intended for human consumption” means industrial hemp concentrates, industrial hemp extracts and any other industrial hemp item intended for ingestion or inhalation.

(2) The State Department of Agriculture shall establish by rule requirements for tracking the transfer of industrial hemp commodities and products intended for human consumption. The tracking described in this section may include:

(a) Associating the results from tests performed under ORS 571.330 with the batch of industrial hemp on which the tests were performed; and

(b) Identifying the origin and destination of industrial hemp commodities and products intended for human consumption transferred by a person registered under ORS 571.281.

(3) Any requirements established by the department pursuant to subsection (2) of this section may require the use of the system developed and maintained under ORS 475B.177.

SECTION 18a. (1) The State Department of Agriculture shall adopt rules to require that a grower registered under ORS 571.281 accurately report to the department:

(a) That the grower does not intend to plant an industrial hemp crop at the location for which a registration is issued under ORS 571.281; or

(b) Any loss of all or part of an industrial hemp crop.

(2) The rules adopted under this section must include a timeline for reporting to the department and may include other rules necessary to carry out this section.

SECTION 18b. (1) If the industrial hemp crop of a grower registered under ORS 571.281 is found to contain an average tetrahydrocannabinol concentration that exceeds the limit described in ORS 571.281 (7) and the State Department of Agriculture requires the grower to destroy or remediate the industrial hemp crop, the grower shall provide documentation to the department of the destruction or remediation.

(2) The department shall adopt rules to carry out this section, including rules to specify acceptable documentation for purposes of subsection (1) of this section and timelines for providing the documentation to the department.

SECTION 18c. (1)(a) Except as provided in paragraph (b) of this subsection, if a person plants an industrial hemp crop or commits a violation of ORS 571.260 to 571.348 prior to applying for a grower registration under ORS 571.281, the State Department of Agriculture shall refuse to issue a registration to the person.

(b) If the crop described in paragraph (a) of this subsection is removed and the department determines that the violation is resolved, the person described in paragraph (a) of this subsection may apply for a registration under ORS 571.281.

(2) If a person plants an industrial hemp crop or commits a violation of ORS 571.260 to 571.348 prior to being issued a grower registration under ORS 571.281, the department shall:

(a)(A) Prioritize the person's industrial hemp crop for inspection under ORS 571.281 (7), if the person planted the industrial hemp crop as described in this subsection; and

(B) Require the person to enter into a corrective action plan with the department; or

(b) Refuse to issue a registration to the person if the department determines that a corrective action plan is insufficient to address the violation.

(3) If the person described in subsection (2) of this section does not enter into a corrective action plan pursuant to subsection (2) of this section, the department may not issue a registration to the person under ORS 571.281.

(4) The department may adopt rules to carry out this section, including rules to establish the corrective action plan described in subsection (2) of this section.

SECTION 18d. Section 18 of this 2021 Act is amended to read:

Sec. 18. (1) As used in this section, "industrial hemp commodities and products intended for human consumption" means industrial hemp concentrates, industrial hemp extracts and any other industrial hemp item intended for ingestion or inhalation.

(2) The State Department of Agriculture shall establish by rule requirements for tracking the transfer of industrial hemp commodities and products intended for human consumption. The tracking described in this section may include:

(a) Associating the results from tests performed under ORS 571.330 with the batch of industrial hemp on which the tests were performed; and

(b) Identifying the origin and destination of industrial hemp commodities and products intended for human consumption transferred by a person [registered] **licensed** under ORS 571.281.

(3) Any requirements established by the department pursuant to subsection (2) of this section may require the use of the system developed and maintained under ORS 475B.177.

SECTION 18e. Section 18a of this 2021 Act is amended to read:

Sec. 18a. (1) The State Department of Agriculture shall adopt rules to require that a grower [registered] **licensed** under ORS 571.281 accurately report to the department:

(a) That the grower does not intend to plant an industrial hemp crop at the location for which a [registration] **license** is issued under ORS 571.281; or

(b) Any loss of all or part of an industrial hemp crop.

(2) The rules adopted under this section must include a timeline for reporting to the department and may include other rules necessary to carry out this section.

SECTION 18f. Section 18b of this 2021 Act is amended to read:

Sec. 18b. (1) If the industrial hemp crop of a grower [registered] **licensed** under ORS 571.281 is found to contain an average tetrahydrocannabinol concentration that exceeds the limit described in ORS 571.281 (7) and the State Department of Agriculture requires the grower to destroy or remediate the industrial hemp crop, the grower shall provide documentation to the department of the destruction or remediation.

(2) The department shall adopt rules to carry out this section, including rules to specify acceptable documentation for purposes of subsection (1) of this section and timelines for providing the documentation to the department.

SECTION 18g. Section 18c of this 2021 Act is amended to read:

Sec. 18c. (1)(a) Except as provided in paragraph (b) of this subsection, if a person plants an industrial hemp crop or commits a violation of ORS 571.260 to 571.348 prior to applying for a grower [registration] **license** under ORS 571.281, the State Department of Agriculture shall refuse to issue a [registration] **license** to the person.

(b) If the crop described in paragraph (a) of this subsection is removed and the department determines that the violation is resolved, the person described in paragraph (a) of this subsection may apply for a [registration] **license** under ORS 571.281.

(2) If a person plants an industrial hemp crop or commits a violation of ORS 571.260 to 571.348 prior to being issued a grower [registration] **license** under ORS 571.281, the department shall:

(a)(A) Prioritize the person's industrial hemp crop for inspection under ORS 571.281 (7), if the person planted the industrial hemp crop as described in this subsection; and

(B) Require the person to enter into a corrective action plan with the department; or

(b) Refuse to issue a [registration] **license** to the person if the department determines that a corrective action plan is insufficient to address the violation.

(3) If the person described in subsection (2) of this section does not enter into a corrective action plan pursuant to subsection (2) of this section, the department may not issue a [registration] **license** to the person under ORS 571.281.

(4) The department may adopt rules to carry out this section, including rules to establish the corrective action plan described in subsection (2) of this section.

SECTION 19. ORS 571.260 is amended to read:

571.260. ORS 571.260 to 571.348 shall be known and may be cited as the [*Oregon Industrial Hemp Agricultural Pilot Program and Research Act*] **Oregon Hemp Act**.

SECTION 20. ORS 571.263 is amended to read:

571.263. The State Department of Agriculture shall administer an Oregon [*Industrial Hemp Agricultural Pilot Program for the purpose of studying the growth, cultivation and marketing of industrial hemp in this state. In carrying out the program, the department:*] **Hemp State Program for the production, processing and sale of hemp in this state. In carrying out the program, the department:**

(1) Shall administer ORS 571.260 to 571.348[;].

(2)(a) **Shall adopt rules to implement a state plan for the production of hemp in accordance with the Agriculture Improvement Act of 2018 (P.L. 115-334) and subsequent federal law. The rules adopted under this subsection must conform to, and not be more restrictive than, the rules related to hemp promulgated by the United States Department of Agriculture.**

(b) **In adopting rules under this subsection, the State Department of Agriculture shall include public input.**

(c) **The rules adopted under this subsection may include the adoption by reference of any federal laws, rules, regulations or guidelines, or standards, practices or requirements, related to the production of hemp.**

[(2)] (3) Shall adopt by rule any record keeping and reporting requirements necessary to administer the program[;].

[(3)] (4) May purchase, possess, seize or dispose of industrial hemp products or commodities as the department deems necessary to enforce and ensure compliance with ORS 571.260 to 571.348 or department rules relating to ORS 571.260 to 571.348[; and].

[(4)] (5) May exercise any other power or perform any other function necessary to administer the program.

SECTION 21. ORS 571.269 is amended to read:

571.269. As used in ORS 571.260 to 571.348:

(1) **"Adult use cannabinoid" has the meaning given that term in ORS 475B.015.**

(2) **"Adult use cannabis item" has the meaning given that term in ORS 475B.015.**

[(1)] (3) **"Agricultural hemp seed" means Cannabis seed:**

(a) That is sold to or intended to be sold to [registered] **licensed** growers for planting; or

(b) That remains in an unprocessed or partially processed condition that is capable of germination.

(4) “Artificially derived cannabinoid” has the meaning given that term in ORS 475B.015.

(5) “Consumption” means to ingest, inhale or topically apply to the skin or hair.

[2] (6) “Crop” means industrial hemp grown under a single *[registration]* license.

[3] (7) “Grower” means a person, joint venture or cooperative that produces industrial hemp.

[4] (8) “Handler” means a person, joint venture or cooperative that receives industrial hemp for processing into commodities, products or agricultural hemp seed **and any other activities identified by the State Department of Agriculture by rule.**

[5] (9)(a) “Industrial hemp”:

[(a) Except as provided in this paragraph, means all nonseed parts and varieties of the Cannabis plant, whether growing or not, that contain an average tetrahydrocannabinol concentration that does not exceed 0.3 percent on a dry weight basis. The State department of Agriculture, by rule, may adopt any higher average tetrahydrocannabinol concentration limit established in federal law.]

[(b) Means any Cannabis seed:]

[(A) That is part of a crop;]

[(B) That is retained by a grower for future planting;]

[(C) That is agricultural hemp seed;]

[(D) That is for processing into or for use as agricultural hemp seed; or]

[(E) That has been processed in a manner or to an extent that the Cannabis seed is incapable of germination.]

[(c) Does not mean industrial hemp commodities or products.]

(A) Means the plant species *Cannabis sativa* that has a tetrahydrocannabinol concentration that complies with the concentration specified by the department by rule; and

(B) Has the meaning given that term as it is further defined by the department by rule.

(b) “Industrial hemp” does not mean industrial hemp commodities or products.

[6] (10) “Industrial hemp concentrate” means an industrial hemp product obtained by separating cannabinoids from industrial hemp by:

(a) A mechanical process;

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

(c) A chemical extraction process using carbon dioxide, provided that the process does not involve the use of high heat or pressure; or

(d) Any other process identified by the department by rule.

[7] (11) “Industrial hemp extract” means an industrial hemp product obtained by separating cannabinoids from industrial hemp by:

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

(b) A chemical extraction process using carbon dioxide, if the process uses high heat or pressure; or

(c) Any other process identified by the department by rule.

(12) “Licensee” means a grower, handler, agricultural hemp seed producer or other person licensed under ORS 571.281.

SECTION 21a. If Senate Bill 96 becomes law, ORS 571.269, as amended by section 21 of this 2021 Act, is amended to read:

571.269. As used in ORS 571.260 to 571.348:

(1) “Adult use cannabinoid” has the meaning given that term in ORS 475B.015.

(2) “Adult use cannabis item” has the meaning given that term in ORS 475B.015.

(3) “Agricultural hemp seed” means Cannabis seed:

(a) That is sold to or intended to be sold to licensed growers for planting; or

(b) That remains in an unprocessed or partially processed condition that is capable of germination.

- (4) “Artificially derived cannabinoid” has the meaning given that term in ORS 475B.015.
- (5) “Consumption” means *[to ingest, inhale or topically apply]* **ingestion, inhalation or topical application** to the skin or hair.
- (6) “Crop” means industrial hemp grown under a single license.
- (7) “Grower” means a person, joint venture or cooperative that produces industrial hemp.
- (8) “Handler” means a person, joint venture or cooperative that receives industrial hemp for processing into commodities, products or agricultural hemp seed and any other activities identified by the State Department of Agriculture by rule.
- (9)(a) “Industrial hemp”:
- (A) Means the plant species *Cannabis sativa* that has a tetrahydrocannabinol concentration that complies with the concentration specified by the department by rule; and
- (B) Has the meaning given that term as it is further defined by the department by rule.
- (b) “Industrial hemp” does not mean industrial hemp commodities or products.
- (10) “Industrial hemp concentrate” means an industrial hemp product obtained by separating cannabinoids from industrial hemp by:
- (a) A mechanical process;
- (b) A chemical extraction process using a nonhydrocarbon-based solvent, such as water, vegetable glycerin, vegetable oils, animal fats, isopropyl alcohol or ethanol;
- (c) A chemical extraction process using carbon dioxide, provided that the process does not involve the use of high heat or pressure; or
- (d) Any other process identified by the department by rule.
- (11) “Industrial hemp extract” means an industrial hemp product obtained by separating cannabinoids from industrial hemp by:
- (a) A chemical extraction process using a hydrocarbon-based solvent, such as butane, hexane or propane;
- (b) A chemical extraction process using carbon dioxide, if the process uses high heat or pressure; or
- (c) Any other process identified by the department by rule.
- (12) “Licensee” means a grower, handler, agricultural hemp seed producer or other person licensed under ORS 571.281.

SECTION 22. ORS 571.272 is amended to read:

571.272. (1) Industrial hemp is an agricultural product that is subject to regulation by the State Department of Agriculture.

(2)(a) For purposes of ORS chapter 616, the department may not consider industrial hemp or industrial hemp commodities or products to be an adulterant.

(b) Paragraph (a) of this subsection does not prohibit the department from considering artificially derived cannabinoids to be adulterants.

SECTION 23. ORS 571.281 is amended to read:

571.281. (1)(a) To grow or handle industrial hemp, a person must be *[registered with]* **licensed** by the State Department of Agriculture as a grower or handler.

(b) The department may identify by rule activities related to growing or handling hemp in addition to those described in ORS 571.269 and may require licensure to engage in those activities. The department may issue, renew, suspend, revoke or refuse to issue or renew a license required pursuant to this subsection.

(2)(a) Only a grower or handler *[registered]* **licensed** under this section may produce agricultural hemp seed. For a grower or handler to produce agricultural hemp seed, the grower or handler must be *[registered with]* **licensed** by the department as an agricultural hemp seed producer.

(b) Notwithstanding paragraph (a) of this subsection:

(A) A grower *[registered]* **licensed** under this section that retains agricultural hemp seed for the purpose of personally propagating industrial hemp in a subsequent year is not required to *[register with]* **be licensed** by the department as an agricultural hemp seed producer; and

(B) A grower or handler *[registered]* **licensed** under this section that produces Cannabis seeds that are incapable of germination, or a handler *[registered]* **licensed** under this section that processes Cannabis seeds that are incapable of germination into commodities or products, is not required to *[register with]* **be licensed by** the department as an agricultural hemp seed producer.

(3) An applicant for *[registration]* **a license** under this section must submit to the department, in a form and manner prescribed by the department, the following information:

- (a) The name and address of the applicant;
- (b) The name and address of the industrial hemp operation of the applicant; and
- (c) Any other information required by the department by rule.

(4) *[Registration under this section is valid for a one-year term, beginning on January 1.]* **The department shall adopt rules specifying the period of time for which a license issued under this section is valid.** A *[grower, handler or agricultural hemp seed producer may renew a registration]* **licensee may renew a license** under this section in a form and manner prescribed by the department.

(5) A *[registration]* **license** under this section is a personal privilege and is not transferable.

(6) A grower or handler *[registered]* **licensed** under this section must keep records as required by the department by rule. Upon not less than three days' notice, the department may subject the records to inspection or audit during normal business hours. The department may make an inspection or audit for the purpose of ensuring compliance with:

- (a) A provision of ORS 571.260 to 571.348;
- (b) A rule adopted under a provision of ORS 571.260 to 571.348; or
- (c) An order issued by the department pursuant to a provision of ORS 571.260 to 571.348 or a rule adopted under a provision of ORS 571.260 to 571.348.

(7) In addition to any inspection conducted pursuant to ORS 561.275, the department may inspect any crop during the crop's growth phase and take a representative composite sample for field analysis. If a crop contains an average tetrahydrocannabinol concentration exceeding *[0.3 percent on a dry weight basis or a tetrahydrocannabinol concentration exceeding the concentration allowed under federal law, whichever is greater]* **the concentration specified by the department by rule**, the department may detain, seize or embargo the crop as provided under ORS 561.605 to 561.620, subject to any process established under ORS 571.345.

(8)(a) The department may charge *[growers, handlers and agricultural hemp seed producers application fees, registration and renewal of registration fees, administrative change fees and fees for other services]* **licensees the following fees** in amounts reasonably calculated by the department to pay the cost of administering ORS 571.260 to 571.348[.]:

- (A) **Application fees;**
- (B) **License and license renewal fees;**
- (C) **Administrative change fees; and**
- (D) **Fees for other services.**

(b) Moneys from fees charged under this subsection shall be deposited in the Industrial Hemp Fund established under ORS 571.278.

(9) The department may adopt rules establishing public health and safety standards and industry best practices for growers and handlers *[registered]* **licensed** under this section.

SECTION 24. ORS 571.285 is amended to read:

571.285. (1) Subject to the provisions of ORS chapter 183, the State Department of Agriculture may revoke *[the registration of a grower, handler or agricultural hemp seed producer]* **a licensee's license** or refuse to *[register]* **issue** or renew the *[registration]* **license** if a *[grower, handler or agricultural hemp seed producer]* **licensee** violates:

- (a) A provision of ORS 571.260 to 571.348;
- (b) A rule adopted under a provision of ORS 571.260 to 571.348;
- (c) An order issued by the department pursuant to a provision of ORS 571.260 to 571.348 or a rule adopted under a provision of ORS 571.260 to 571.348, **including an order of detainment issued under ORS 571.281;** or

(d) Any statutory law or department rule related to agricultural activities other than industrial hemp operations.

[(2) The department may not discipline a grower, handler or agricultural hemp seed producer under this section on the basis that possessing, delivering and manufacturing industrial hemp are prohibited by federal law.]

(2) The department may adopt rules to prohibit a licensee from reapplying for a license under ORS 571.281 for a period of time specified by rule by the department if the licensee violates:

(a) A provision of ORS 571.260 to 571.348;

(b) A rule adopted pursuant to ORS 571.260 to 571.348; or

(c) An order issued by the department pursuant to ORS 571.260 to 571.348 or a rule adopted pursuant to ORS 571.260 to 571.348.

SECTION 25. ORS 571.288 is amended to read:

571.288. A grower *[registered]* **licensed** under ORS 571.281 may use any propagation method, including planting seeds or starts or the use of clones or cuttings, to produce industrial hemp.

SECTION 26. ORS 571.294 is amended to read:

571.294. The State Department of Agriculture may charge growers and handlers *[registered]* **licensed** under ORS 571.281 fees reasonably calculated by the department to pay the cost of sampling or testing industrial hemp or industrial hemp commodities or products under ORS 571.330 and 571.333. Moneys from fees charged under this section shall be deposited in the Industrial Hemp Fund established under ORS 571.278.

SECTION 27. ORS 571.302 is amended to read:

571.302. (1) For purposes of ORS 633.511 to 633.750, agricultural hemp seed is an agricultural seed or a flower seed, as those terms are defined in ORS 633.511.

(2) The Director of Agriculture, or the director's agent, and the Dean of the College of Agricultural Sciences of Oregon State University, or the dean's agent, shall establish a program for the labeling and certification of agricultural hemp seed. For purposes of the program:

(a) The director and the dean shall perform their respective duties under ORS 633.511 to 633.750 with respect to agricultural hemp seed in the same manner that the director and dean perform their respective duties under ORS 633.511 to 633.750 with respect to other agricultural seed or flower seed, including but not limited to those duties related to labeling, testing and certifying seeds; and

(b) The director and the dean shall exercise their respective functions and powers under ORS 633.511 to 633.750 with respect to agricultural hemp seed in the same manner that the director and dean exercise their respective functions and powers under ORS 633.511 to 633.750 with respect to other agricultural seed or flower seed, including but not limited to inspecting and sampling seeds and making rules and regulations under ORS 633.680.

(3) Notwithstanding subsections (1) and (2) of this section, if the director in consultation with the dean determines that a specific provision of ORS 633.511 to 633.750, or a specific rule or regulation made under ORS 633.511 to 633.750, that applies to other agricultural seed or flower seed is inadequate or not suitable for the regulation of agricultural hemp seed, the director may by rule exempt agricultural hemp seed from the provision, rule or regulation and make rules providing more adequate or suitable regulation of agricultural hemp seed.

(4)(a) The director and the dean shall collaborate with growers *[registered]* **licensed** under ORS 571.281 in performing their respective duties and exercising their respective functions and powers under ORS 633.511 to 633.750 with respect to agricultural hemp seed.

(b) The director and the dean may collaborate with growers *[registered]* **licensed** under ORS 571.281 and other stakeholders to develop a heritage agricultural hemp seed for this state.

(5) The director and the dean may collaborate with entities authorized to certify seeds under the laws of other states in performing their respective duties and exercising their respective functions and powers under ORS 633.511 to 633.750 with respect to agricultural hemp seed.

(6) A grower *[registered]* **licensed** under ORS 571.281 is not required, for purposes related to growing industrial hemp, to use an agricultural hemp seed variety certified under the program described in this section.

(7) The State Department of Agriculture may establish by rule waivers to, or exemptions from, tests that would otherwise be conducted to determine a crop's average tetrahydrocannabinol concentration for crops planted with agricultural hemp seed varieties certified pursuant to the program described in this section.

SECTION 28. ORS 571.327 is amended to read:

571.327. (1) An agricultural hemp seed producer *[registered]* **licensed** under ORS 571.281:

(a) Must sell agricultural hemp seed in a manner that complies with any standard established by the Director of Agriculture under ORS 633.511 to 633.750; and

(b) May sell agricultural hemp seed only if the agricultural hemp seed meets any packaging or labeling requirement, or any quality standard, adopted by the director under subsection (2) of this section.

(2) The director may adopt rules establishing packaging requirements, labeling requirements and quality standards for agricultural hemp seed.

(3) The State Department of Agriculture shall make available to growers *[registered]* **licensed** under ORS 571.281 information that identifies agricultural hemp seed producers *[registered]* **licensed** under ORS 571.281 from whom the growers may purchase agricultural hemp seed.

SECTION 29. ORS 571.330 is amended to read:

571.330. *[(1) For purposes of this section, "consumption" means to ingest, inhale or topically apply to the skin or hair.]*

[(2)(a)] (1)(a) A laboratory licensed by the Oregon Liquor Control Commission under ORS 475B.560 and accredited by the Oregon Health Authority pursuant to ORS 475B.565 may test industrial hemp and industrial hemp commodities and products **whether or not the industrial hemp or industrial hemp commodities or products were** produced or processed by a *[grower, handler or agricultural hemp seed producer registered under ORS 571.281]* **licensee**.

(b) An accredited independent testing laboratory that has been approved by the authority or the State Department of Agriculture may test industrial hemp and industrial hemp commodities and products **whether or not the industrial hemp or industrial hemp commodities or products were** produced or processed by a *[grower, handler or agricultural hemp seed producer registered under ORS 571.281]* **licensee**.

[(3)] (2) A *[grower or handler]* **person** may not sell or transfer an industrial hemp commodity or product that is intended for human consumption **and that was produced, processed or manufactured in this state** unless the commodity or product is tested by a laboratory described in subsection *[(2)] (1)* of this section to ensure that the commodity or product meets the requirements adopted by the Oregon Health Authority under ORS 475B.555 (1)(a) and (b) and (2) for testing marijuana items.

[(4)] (3) For purposes of this section, the department shall adopt rules:

(a) Establishing protocols for the testing of industrial hemp commodities and products; and

(b) Establishing procedures for determining batch sizes and for sampling industrial hemp commodities and products.

[(5)] (4) This section does not apply to:

(a) Agricultural hemp seed;

(b) Seeds of the plant genus *Cannabis* within the plant family Cannabaceae that are incapable of germination;

(c) Products derived from seeds described in paragraph (b) of this subsection; or

(d) Other parts of industrial hemp that the department identifies by rule as exempt.

SECTION 29a. If Senate Bill 96 becomes law, section 29 of this 2021 Act (amending ORS 571.330) is repealed and ORS 571.330, as amended by section 13, chapter __, Oregon Laws 2021 (Enrolled Senate Bill 96), is amended to read:

571.330. [(1) For purposes of this section, “consumption” means ingestion, inhalation or topical application to the skin or hair.]

[(2)(a)] (1)(a) A laboratory licensed by the Oregon Liquor Control Commission under ORS 475B.560 and accredited by the Oregon Health Authority pursuant to ORS 475B.565 may test industrial hemp and industrial hemp commodities and products **whether or not the industrial hemp or industrial hemp commodities or products were** produced or processed by a [grower, handler or agricultural hemp seed producer registered under ORS 571.281] **licensee**.

(b) An accredited independent testing laboratory that has been approved by the authority or the State Department of Agriculture may test industrial hemp and industrial hemp commodities and products **whether or not the industrial hemp or industrial hemp commodities or products were** produced or processed by a [grower, handler or agricultural hemp seed producer registered under ORS 571.281] **licensee**.

[(3)] (2) A [grower or handler] **person** may not sell or transfer an industrial hemp commodity or product that is intended for human consumption **and that was produced, processed or manufactured in this state** unless the commodity or product is tested by a laboratory described in subsection [(2)] (1) of this section to ensure that the commodity or product meets the requirements adopted by the Oregon Health Authority under ORS 475B.555 (1)(a) and (b) for testing marijuana items and industrial hemp-derived vapor items and ORS 475B.555 (2) for testing cannabinoid edibles.

[(4)] (3) Industrial hemp commodities or products that are intended for use in an inhalant delivery system, as defined in ORS 431A.175, must meet the requirements of ORS 475B.550 to 475B.590 and 475B.600 to 475B.655 that apply to industrial hemp-derived vapor items as defined in ORS 475B.550 and 475B.600.

[(5)] (4) For purposes of this section, the department shall adopt rules:

(a) Establishing protocols for the testing of industrial hemp commodities and products; and

(b) Establishing procedures for determining batch sizes and for sampling industrial hemp commodities and products.

[(6)] (5) This section does not apply to:

(a) Agricultural hemp seed;

(b) Seeds of the plant genus *Cannabis* within the plant family Cannabaceae that are incapable of germination;

(c) Products derived from seeds described in paragraph (b) of this subsection; or

(d) Other parts of industrial hemp that the department identifies by rule as exempt.

SECTION 30. ORS 571.336 is amended to read:

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

(2) A grower [registered] **licensed** under ORS 571.281 may deliver industrial hemp, and a handler [registered] **licensed** under ORS 571.281 may deliver industrial hemp concentrates and industrial hemp extracts, to a marijuana processor that holds a license issued under ORS 475B.090, if:

(a) The grower or handler and the marijuana processor are registered with the Oregon Liquor Control Commission, in a form and manner prescribed by the commission, for the purpose of processing industrial hemp, industrial hemp concentrates and industrial hemp extracts;

(b) The marijuana processor is provided with the results of any test conducted on the industrial hemp, industrial hemp concentrate or industrial hemp extract pursuant to ORS 571.260 to 571.348 as a condition of the marijuana processor’s receiving the industrial hemp, industrial hemp concentrate or industrial hemp extract;

(c) The marijuana processor keeps the results of any test that the marijuana processor receives pursuant to paragraph (b) of this subsection in a form and manner prescribed by the commission;

(d) The industrial hemp, industrial hemp concentrate or industrial hemp extract is tracked using the system developed and maintained under ORS 475B.177 when the industrial hemp, industrial hemp concentrate or industrial hemp extract is delivered to the premises of the marijuana processor; and

(e) The grower or handler and the marijuana processor meet any other requirement established by the commission by rule.

(3) Industrial hemp, industrial hemp concentrates and industrial hemp extracts may be processed by a marijuana processor registered under this section into any industrial hemp commodity or product or used by a marijuana processor registered under this section to supplement the processing of any marijuana item.

(4) An industrial hemp concentrate, industrial hemp extract, industrial hemp commodity or product or marijuana item processed pursuant to this section may be delivered by a marijuana processor registered under this section to a licensee as described in ORS 475B.206, provided that the industrial hemp concentrate, industrial hemp extract, industrial hemp commodity or product or marijuana item meets any applicable requirement for marijuana items set forth in ORS 475B.010 to 475B.545, 475B.550 to 475B.590 and 475B.600 to 475B.655 and rules adopted under ORS 475B.010 to 475B.545, 475B.550 to 475B.590 and 475B.600 to 475B.655.

(5) The commission may impose an annual fee reasonably calculated to not exceed the cost of administering this section on growers registered under this section, handlers registered under this section and marijuana processors registered under this section. Fees collected under this section shall be deposited in the Marijuana Control and Regulation Fund established under ORS 475B.296. Moneys deposited in the fund pursuant to this subsection are continuously appropriated to the commission for the purpose of administering this section.

SECTION 31. ORS 571.337 is amended to read:

571.337. (1) As used in this section:

[(a)] *“Consumption” has the meaning given that term in ORS 571.330.*

[(b)] (a) *“Processor” means a person licensed under ORS 475B.090.*

[(c)] (b) *“Retailer” means a person licensed under ORS 475B.105.*

[(d)] (c) *“Wholesaler” means a person licensed under ORS 475B.100.*

(2) *[Except as provided in ORS 571.341,]* A processor, retailer or wholesaler may purchase, receive, transfer, sell or transport industrial hemp, or an industrial hemp commodity or product that contains cannabinoids and is intended for human consumption, only if:

(a) The processor, retailer or wholesaler received the hemp, commodity or product from a grower or handler *[registered]* **licensed** under ORS 571.281 or a processor;

(b) The grower, handler or processor under paragraph (a) of this subsection is registered *[by]* **with** the Oregon Liquor Control Commission as provided under ORS 571.336; and

(c) The hemp, commodity or product meets the requirements for marijuana items under ORS 475B.010 to 475B.545, 475B.550 to 475B.590 and 475B.600 to 475B.655 and rules adopted by the commission.

(3) A grower, handler or processor registered as described under ORS 571.336 (2)(a) shall enter **the** hemp, commodity or product that contains cannabinoids, is intended for human consumption and is intended for transfer, sale or transport to a processor, retailer or wholesaler licensed under ORS 475B.010 to 475B.545 into the tracking system described in ORS 475B.177 before the hemp, commodity or product is transferred to a laboratory described in ORS 571.330 [(2)] (1) for testing of a type described under ORS 475B.555. The commission shall continue to track the hemp, commodity or product entered into the system under this subsection when the hemp, commodity or product is transferred, sold or transported to a premises licensed under ORS 475B.010 to 475B.545, or to other areas under the control of the premises licensee.

(4) A processor may transfer, sell or transport an industrial hemp commodity or product to a person that is not a processor, retailer or wholesaler if the industrial hemp commodity or product:

(a) Is tested as described in ORS 475B.555 and otherwise meets the requirements for marijuana items under ORS 475B.010 to 475B.545, 475B.550 to 475B.590 and 475B.600 to 475B.655 and rules adopted by the commission;

(b) Is entered into the tracking system described in ORS 475B.177;

(c) Prior to the transfer, sale or transport, is held by the processor for the duration and in the manner required by the commission by rule; and

(d) Meets any other requirements established by the commission by rule.

[(4)] (5) The State Department of Agriculture shall adopt rules regarding the activities of growers and handlers under this section.

[(5)] (6)(a) The commission shall adopt rules regarding the activities of processors, retailers, wholesalers and laboratories under this section.

(b) The commission may adopt rules to carry out subsection (4) of this section.

SECTION 32. ORS 571.339 is amended to read:

571.339. *[A person may not make a retail sale of industrial hemp commodities or products in this state unless the industrial hemp commodities or products and the industrial hemp used to process the industrial hemp commodities or products meet the requirements for processing industrial hemp commodities or products or growing industrial hemp set forth in ORS 571.260 to 571.348 and rules adopted under ORS 571.260 to 571.348.]*

(1) For purposes of this section, “consumer” means a person that purchases, acquires, owns, holds or uses an industrial hemp commodity or product other than for the purpose of resale.

(2) A person may not sell, transfer or deliver to a consumer an industrial hemp commodity or product that contains cannabinoids and is intended for human consumption unless:

(a) The industrial hemp commodity or product has been tested in accordance with ORS 571.330 and any rules adopted pursuant to ORS 571.330;

(b) If the hemp commodity or product is intended for human consumption by ingestion, the hemp commodity or product was processed in a facility licensed by the State Department of Agriculture under ORS 616.695 to 616.755 or in a facility in another state or jurisdiction that meets requirements substantially similar to requirements established under ORS 616.695 to 616.755;

(c) The person obtains and maintains documentation of the results of the testing;

(d) If the industrial hemp commodity or product is sold to a person under 21 years of age or any representations are made to the consumer about the concentration of delta-8-tetrahydrocannabinol, the results of the testing required under this subsection demonstrate the concentration of delta-8-tetrahydrocannabinol;

(e) The industrial hemp commodity or product does not contain more than 0.3 percent tetrahydrocannabinol or the concentration of tetrahydrocannabinol allowed under federal law, whichever is greater; and

(f) The industrial hemp commodity or product does not exceed the concentration of adult use cannabinoids established by the Oregon Liquor Control Commission, in conjunction with the Oregon Health Authority and State Department of Agriculture, by rule.

(3) The testing required under subsection (2) of this section may be conducted only by:

(a) A laboratory licensed by the commission under ORS 475B.560 and accredited by the authority under ORS 475B.565; or

(b) If the industrial hemp commodity or product was processed outside of this state, a laboratory accredited to the same or more stringent standards as a laboratory described in paragraph (a) of this subsection.

(4) A person may not sell or deliver an adult use cannabis item to a person under 21 years of age.

(5) This section does not apply to the retail sale of industrial hemp commodities or products by a marijuana retailer, as defined in ORS 475B.015, that holds a license issued under ORS 475B.105.

SECTION 33. ORS 571.345 is amended to read:

571.345. The State Department of Agriculture may by rule or order establish a process providing for the remediation of a violation of ORS 571.330 or 571.333 that is committed by a grower or handler *[registered]* **licensed** under ORS 571.281 and is not committed intentionally.

SECTION 33a. ORS 571.348 is amended to read:

571.348. (1) Subject to the provisions of ORS chapter 183, the State Department of Agriculture may impose a civil penalty not to exceed \$2,500 on a person for violating:

(a) A provision of ORS 571.260 to 571.348;

(b) A rule adopted under a provision of ORS 571.260 to 571.348; or
(c) An order issued by the department pursuant to a provision of ORS 571.260 to 571.348 or a rule adopted under a provision of ORS 571.260 to 571.348.

(2) In addition to the penalty described in subsection (1) of this section, subject to the provisions of ORS chapter 183, the department may impose a civil penalty not to exceed \$10,000 on a person if the person is a grower registered under ORS 571.281 and the department determines that the person's industrial hemp crop contains an average tetrahydrocannabinol concentration of at least 10 percent on a dry weight basis.

[2] (3) The department may not discipline a person under this section on the basis that possessing, delivering and manufacturing industrial hemp are prohibited by federal law.

[3] (4) All moneys collected by the department under this section shall be deposited in the General Fund in the State Treasury to the credit of the Industrial Hemp Fund established under ORS 571.278.

SECTION 33b. ORS 571.348, as amended by section 33a of this 2021 Act, is amended to read:

571.348. (1) Subject to the provisions of ORS chapter 183, the State Department of Agriculture may impose a civil penalty not to exceed \$2,500 on a person for violating:

(a) A provision of ORS 571.260 to 571.348;

(b) A rule adopted under a provision of ORS 571.260 to 571.348; or

(c) An order issued by the department pursuant to a provision of ORS 571.260 to 571.348 or a rule adopted under a provision of ORS 571.260 to 571.348.

(2) In addition to the penalty described in subsection (1) of this section, subject to the provisions of ORS chapter 183, the department may impose a civil penalty not to exceed \$10,000 on a person if the person is a grower *[registered]* **licensed** under ORS 571.281 and the department determines that the person's industrial hemp crop contains an average tetrahydrocannabinol concentration of at least 10 percent on a dry weight basis.

(3) The department may not discipline a person under this section on the basis that possessing, delivering and manufacturing industrial hemp are prohibited by federal law.

(4) All moneys collected by the department under this section shall be deposited in the General Fund in the State Treasury to the credit of the Industrial Hemp Fund established under ORS 571.278.

SECTION 34. ORS 571.341 is repealed.

SECTION 35. The State Department of Agriculture shall issue a license to grow or handle hemp under ORS 571.281 on the date the previous registration is due for renewal to a grower or handler who:

(1) Registered under ORS 571.281 on or before the operative date specified in section 36 of this 2021 Act; and

(2) Meets the requirements for registration renewal.

SECTION 36. (1) Sections 14 to 17 of this 2021 Act, the amendments to ORS 571.260, 571.263, 571.281, 571.285, 571.288, 571.294, 571.302, 571.327, 571.330, 571.336, 571.337, 571.339, 571.345 and 571.348 by sections 19, 20, 23 to 33 and 33b of this 2021 Act, the amendments to sections 18 to 18c of this 2021 Act by sections 18d to 18g of this 2021 Act and the repeal of ORS 571.341 by section 34 of this 2021 Act become operative on January 1, 2022.

(2) The Oregon Health Authority, the Oregon Liquor Control Commission and the State Department of Agriculture may take any action before the operative date specified in subsection (1) of this section that is necessary to enable the authority, the commission and the department to exercise, on and after the operative date specified in subsection (1) of this section, all of the duties, functions and powers conferred on the authority, the commission and the department by sections 14 to 17 of this 2021 Act, the amendments to ORS 571.260, 571.263, 571.281, 571.285, 571.288, 571.294, 571.302, 571.327, 571.330, 571.336, 571.337, 571.339, 571.345 and 571.348 by sections 19, 20, 23 to 33 and 33b of this 2021 Act, the amendments to sections 18 to 18c of this 2021 Act by sections 18d to 18g of this 2021 Act and the repeal of ORS 571.341 by section 34 of this 2021 Act.

TASK FORCE ON CANNABIS-DERIVED INTOXICANTS

SECTION 37. (1) The Task Force on Cannabis-Derived Intoxicants is established.

(2) The task force consists of 15 members appointed as follows:

(a) The President of the Senate shall appoint one member from among the members of the Senate;

(b) The Senate Minority Leader shall appoint one member from among the members of the Senate;

(c) The Speaker of the House of Representatives shall appoint one member from among the members of the House of Representatives;

(d) The House Minority Leader shall appoint one member from among the members of the House of Representatives; and

(e) The Governor shall appoint 11 members as follows:

(A) One member who represents counties in this state;

(B) One member who represents cities in this state;

(C) One member who represents law enforcement agencies;

(D) One member who represents industrial hemp growers registered or licensed under ORS 571.281;

(E) One member who represents industrial hemp handlers registered or licensed under ORS 571.281;

(F) The director of the Oregon State University Global Hemp Innovation Center, or a designee of the director;

(G) Two members who represent licensees, as defined in ORS 475B.015;

(H) The Director of Agriculture, or a designee of the director;

(I) The director of the Oregon Health Authority Public Health Division, or a designee of the director; and

(J) The administrator of the Oregon Liquor Control Commission, or a designee of the administrator.

(3) The task force shall consider:

(a) Changes to state law to support the regulation of intoxicating cannabis-derived products and artificially derived cannabinoids;

(b) The consolidation of administrative functions related to the regulation of cannabis;

(c) Methods to prevent sales to minors of industrial hemp commodities or products that contain intoxicating cannabinoids;

(d) Regulation to address genetic engineering of cannabis;

(e) Testing requirements and methods of enforcement of testing requirements for cannabinoids, including artificially derived cannabinoids, to protect the public health and safety;

(f) Policy changes related to interstate commerce and transportation of cannabis;

(g) Changes to state regulation of cannabis as a result of federal laws; and

(h) Input from marijuana and industrial hemp industry members.

(4) A majority of the members of the task force constitutes a quorum for the transaction of business.

(5) Official action by the task force requires the approval of a majority of the members of the task force.

(6) The task force shall elect one of its members to serve as chairperson.

(7) If there is a vacancy for any cause, the appointing authority shall make an appointment to become immediately effective.

(8) The task force shall meet at times and places specified by the call of the chairperson or of a majority of the members of the task force.

(9) The task force may adopt rules necessary for the operation of the task force.

(10) Not later than June 30, 2022, the State Department of Agriculture shall report to the task force on the implementation of section 18 of this 2021 Act.

(11)(a) The task force shall submit a report in the manner provided by ORS 192.245, and shall include initial findings and recommendations for legislation, to the interim committee of the Legislative Assembly related to economic development no later than December 31, 2021.

(b) The task force shall submit a report in the manner provided by ORS 192.245, and shall include final findings and recommendations for legislation, to the interim committee of the Legislative Assembly related to economic development no later than December 31, 2022. The report submitted under this paragraph must include a summary of the information submitted to the task force by the department under subsection (10) of this section.

(12) The Oregon Liquor Control Commission and the State Department of Agriculture, in consultation with the Oregon Health Authority and the Department of Revenue, shall provide staff support to the task force.

(13) Members of the task force who are not members of the Legislative Assembly are not entitled to compensation or reimbursement for expenses and serve as volunteers on the task force.

(14) All agencies of state government, as defined in ORS 174.111, are directed to assist the task force in the performance of the duties of the task force and, to the extent permitted by laws relating to confidentiality, to furnish information and advice the members of the task force consider necessary to perform their duties.

SECTION 38. Section 37 of this 2021 Act is repealed on January 2, 2023.

ILLEGAL MARIJUANA MARKET ENFORCEMENT GRANT PROGRAM FUNDING

SECTION 39. Section 16, chapter 103, Oregon Laws 2018, is amended to read:

Sec. 16. (1) Notwithstanding ORS 475B.759, before making any other distribution from the Oregon Marijuana Account established under ORS 475B.759, the Department of Revenue shall first distribute quarterly from the account the following:

(a) \$875,000 to the Oregon Liquor Control Commission for deposit in the Marijuana Control and Regulation Fund established under ORS 475B.296; and

(b) [~~\$375,000~~] **\$750,000** to the Oregon Criminal Justice Commission for deposit into the Illegal Marijuana Market Enforcement Grant Program Fund established under section 15 [~~of this 2018 Act~~], **chapter 103, Oregon Laws 2018**, for the purposes of paying the costs incurred by the commission in carrying out the provisions of section 13 [~~of this 2018 Act~~], **chapter 103, Oregon Laws 2018**.

(2) The final distribution made under subsection (1) of this section shall be made in the fiscal quarter beginning on October 1, 2023.

ENFORCEMENT

SECTION 40. (1) The Oregon Liquor Control Commission shall, with the assistance of the State Department of Agriculture, create and continually update a map of the locations of industrial hemp operations registered or licensed under ORS 571.281 and premises for which a license has been issued under ORS 475B.070.

(2) The commission shall make the map described in subsection (1) of this section available to law enforcement agencies in this state and public employees and officials who are responsible for the enforcement of state and local laws regulating industrial hemp or marijuana.

SECTION 41. (1) A person commits the crime of unlawful production of marijuana if the person produces marijuana or industrial hemp:

(a) At a location that is not confirmed by the Oregon Health Authority, the Oregon Liquor Control Commission or the State Department of Agriculture to be the location of an industrial hemp operation registered or licensed under ORS 571.281, a premises for which a license was issued under ORS 475B.090 or a marijuana grow site registered under ORS 475B.810; and

(b) In an amount that is not allowed by state law.

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

(3) Marijuana or industrial hemp that is unlawfully produced, as described in subsection (1) of this section, is considered contraband and may be destroyed by a law enforcement agency.

SECTION 41a. (1) The Oregon Liquor Control Commission, in consultation with the State Department of Agriculture, shall develop by rule a methodology to distinguish whether a cannabis plant is marijuana or industrial hemp for purposes of sections 40 to 44 of this 2021 Act. The methodology must include testing criteria and cannabinoid concentrations above which immature or mature cannabis plants are presumptively considered to be marijuana.

(2) The department may order a person registered or licensed under ORS 571.281 to destroy any cannabis plants located at an industrial hemp operation for which the person described in this subsection is responsible if the cannabis plants are presumptively considered to be marijuana under the methodology adopted pursuant to subsection (1) of this section.

SECTION 42. (1) The State Department of Agriculture may enter into an interagency agreement with the Oregon Liquor Control Commission to allow representatives of the commission to carry out inspections of industrial hemp crops under ORS 571.281 (7).

(2) The department and the commission may adopt rules to carry out this section.

SECTION 43. (1) Pursuant to rules adopted by the State Department of Agriculture under subsection (2) of this section:

(a) Law enforcement officers may accompany the department to an industrial hemp operation for the purposes of providing protection for the department's representatives; and

(b) Public employees and officials who are responsible for the enforcement of state and local laws may accompany the department to an industrial hemp operation in order to carry out inspections that the public employees or officials are authorized to perform.

(2) The department shall adopt rules to carry out this section.

SECTION 44. The Governor may order that the Oregon National Guard provide assistance and support to the State Department of Agriculture and law enforcement in carrying out inspections of industrial hemp crops under ORS 571.281 (7) and other duties of the department related to the enforcement of ORS 571.260 to 571.348.

SECTION 45. Sections 40 to 44 of this 2021 Act are repealed on January 1, 2024.

FISCAL PROVISIONS

SECTION 46. Notwithstanding any other law limiting expenditures, the limitation on expenditures established by section 1 (2), chapter __, Oregon Laws 2021 (Enrolled House Bill 5018), for the biennium beginning July 1, 2021, as the maximum limit for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by the Oregon Liquor Control Commission for marijuana regulation - recreational, is increased by \$399,007.

SECTION 47. Notwithstanding any other provision of law, the General Fund appropriation made to the Oregon Health Authority by section 1 (1), chapter __, Oregon Laws 2021 (Enrolled House Bill 5024), for the biennium beginning July 1, 2021, for health systems, health policy and analytics, and public health, is increased by \$730,917.

SECTION 48. Notwithstanding any other law limiting expenditures, the limitation on expenditures established by section 3, chapter __, Oregon Laws 2021 (Enrolled House Bill 5005), for the biennium beginning July 1, 2021, as the maximum limit for payment of expenses from

fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by the Oregon Criminal Justice Commission, is increased by \$3,000,000 for additional Illegal Marijuana Market Enforcement Grant Program grants.

OPERATIVE DATE FOR INTRASTATE DELIVERY PROVISIONS

SECTION 49. Section 8, chapter 155, Oregon Laws 2021 (Enrolled House Bill 2519), is amended to read:

Sec. 8. (1) Sections 2 and 3 [*of this 2021 Act*], **chapter 155, Oregon Laws 2021**, and the amendments to ORS 475B.206, 475B.220, 475B.261 and 475B.301 by sections 4 to 7 [*of this 2021 Act*], **chapter 155 Oregon Laws 2021**, become operative on January 1, [2020] **2022**.

(2) The Oregon Liquor Control Commission may take any action before the operative date specified in subsection (1) of this section that is necessary to enable the commission to exercise, on or after the operative date specified in subsection (1) of this section, all of the duties, functions and powers conferred on the commission by sections 2 and 3 [*of this 2021 Act*], **chapter 155, Oregon Laws 2021**, and the amendments to ORS 475B.206, 475B.220, 475B.261 and 475B.301 by sections 4 to 7 [*of this 2021 Act*], **chapter 155, Oregon Laws 2021**.

CAPTIONS

SECTION 50. The unit captions used in this 2021 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 2021 Act.

EMERGENCY CLAUSE

SECTION 51. This 2021 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2021 Act takes effect on its passage.

Passed by House June 21, 2021

Repassed by House June 26, 2021

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

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Tina Kotek, Speaker of House

Passed by Senate June 25, 2021

.....
Peter Courtney, President of Senate

Received by Governor:

.....M.,....., 2021

Approved:

.....M.,....., 2021

.....
Kate Brown, Governor

Filed in Office of Secretary of State:

.....M.,....., 2021

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Shemia Fagan, Secretary of State