

(Including Amendments to Resolve Conflicts)

## A-Engrossed Senate Bill 56

Ordered by the Senate June 12  
Including Senate Amendments dated June 12

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Governor Kate Brown for Oregon Liquor Control Commission)

### SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

*[Authorizes Oregon Liquor Control Commission to require cannabis-related licensees, certificate holders and applicants for licenses and certificates to submit information related to persons who hold financial interest in business operating or to be operated under license or certificate.]*

**Permits Oregon Liquor Control Commission to restrict, suspend or refuse to renew cannabis-related license if probable cause exists for commission to conclude licensee engaged in cannabis-related activity in manner not permitted by licensee's license.**

**Requires Oregon Liquor Control Commission and Oregon Health Authority to maintain telephone hotlines for certain designated persons to inquire about license status of particular premises and to inquire if particular address is location of or is proposed location of marijuana grow site, marijuana processing site or medical marijuana dispensary. Provisions relating to telephone hotlines become operative on January 1, 2018.**

**Allows licensed marijuana producer that has mature marijuana plant grow canopy to process marijuana into cannabinoid concentrate under specified conditions. Allows Oregon Liquor Control Commission to require licensed premises to be segregated into separate areas for producing and processing marijuana if licensee is marijuana producer, has mature marijuana plant grow canopy and is permitted to process marijuana into cannabinoid concentrate.**

**Provides that possession limits on number of immature marijuana plants at certain premises do not apply to premises for which application for license to produce marijuana is made on or before effective date of Act until license is issued or application is denied.**

**Provides that, if city or county enacts or has enacted ordinance prohibiting or allowing marijuana processing sites or medical marijuana dispensaries, governing body of city or county may amend ordinance to prohibit or allow premises of licensee that has been designated as exclusively medical licensee without referring amendment to electors.**

**Allows Oregon Liquor Control Commission to refuse to issue cannabis-related license or to issue restricted license if commission makes certain findings.**

**Allows marijuana retailer to deliver marijuana items to another marijuana retailer that is owned by same or substantially same persons.**

**Allows Oregon Liquor Control Commission to, as form of disciplining licensee, require licensee or licensee representative to undergo training if commission has reasonable ground to believe certain circumstances exist.**

**Permits marijuana retailer to record and retain information that may be used to identify consumer only for purpose of making deliveries to consumers.**

**Declares emergency, effective on passage.**

### A BILL FOR AN ACT

Relating to cannabis; creating new provisions; amending ORS 471.775, 475B.045, 475B.110, 475B.135 and 475B.210 and section 2, chapter 18, Oregon Laws 2017 (Enrolled Senate Bill 863); repealing section 17, chapter \_\_\_, Oregon Laws 2017 (Enrolled House Bill 2198); and declaring an emergency.

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

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

**IMMEDIATE SUSPENSION OF LICENSE FOR  
DIVERTING MARIJUANA ITEMS INTO BLACK MARKET**

**SECTION 1.** Section 2 of this 2017 Act is added to and made a part of ORS 475B.010 to 475B.395.

**SECTION 2.** (1) The Legislative Assembly finds and declares that the unregulated commerce of marijuana items constitutes a serious danger to public health and safety.

(2) In addition to any other disciplinary action available to the Oregon Liquor Control Commission under ORS 475B.010 to 475B.395, the commission may immediately restrict, suspend or refuse to renew a license issued under ORS 475B.010 to 475B.395 if circumstances create probable cause for the commission to conclude that a licensee has purchased or received a marijuana item from an unlicensed source or that a licensee has sold, stored or transferred a marijuana item in a manner that is not permitted by the licensee’s license.

**VERIFICATION OF LAWFUL ACTIVITY**

**SECTION 3.** Section 4 of this 2017 Act is added to and made a part of ORS 475B.010 to 475B.395.

**SECTION 4.** The Oregon Liquor Control Commission shall maintain a telephone hotline for the following persons to inquire if an address is the location of a premises for which a license has been issued under ORS 475B.010 to 475B.395 or is the location of a premises for which an application for licensure has been submitted under ORS 475B.040:

- (1) A person designated by a city or a county;
- (2) A person designated by the Water Resources Department; and
- (3) A person designated by the watermaster of any water district.

**SECTION 5.** Section 6 of this 2017 Act is added to and made a part of ORS 475B.400 to 475B.525.

**SECTION 6.** (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.

(2) The authority may disclose the address of a marijuana grow site for purposes of this section notwithstanding ORS 475B.460.

**PROCESSING BY SMALL PRODUCERS**

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

**SECTION 8.** (1) Notwithstanding ORS 475B.090, a marijuana producer that holds a license issued under ORS 475B.070 and has a mature marijuana plant grow canopy described in subsection (2) of this section may process marijuana into a cannabinoid concentrate if the process involves separating cannabinoids from marijuana by:

1 (a) A mechanical process; or

2 (b) An extraction process using water as the solvent.

3 (2) To be eligible to process marijuana into a cannabinoid concentrate under this section,  
4 a marijuana producer must have a mature marijuana plant grow canopy, as restricted by the  
5 Oregon Liquor Control Commission under ORS 475B.075, that does not exceed:

6 (a) For marijuana grown outdoors, 5,000 square feet; or

7 (b) For marijuana grown indoors, 1,250 square feet.

8 (3) The processing of marijuana under this section must comport with any reasonable  
9 condition adopted under ORS 475B.340 that is imposed on the manner in which a marijuana  
10 processor licensed under ORS 475B.090 may process marijuana.

11 **SECTION 9.** ORS 475B.135, as amended by section 60, chapter 183, Oregon Laws 2017 (Enrolled  
12 Senate Bill 1057), is amended to read:

13 475B.135. As is necessary to protect the public health and safety, the Oregon Liquor Control  
14 Commission may require a premises licensed under ORS 475B.010 to 475B.395 to be segregated into  
15 separate areas:

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

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

22 (3) For producing marijuana and processing marijuana as described in section 8 of this  
23 2017 Act if the licensee is a marijuana producer that holds a license issued under ORS  
24 475B.070 and that processes marijuana as described in section 8 of this 2017 Act.

25  
26 **IMMATURE MARIJUANA PLANT LIMITATIONS**

27  
28 **SECTION 10.** The limitations on the number of immature marijuana plants that may be  
29 located at an address as set forth in ORS 475B.428 (3) to (6) do not apply, except as provided  
30 by the Oregon Liquor Control Commission by rule, to a premises for which an application  
31 has been made under ORS 475B.040 on or before the effective date of this 2017 Act for a li-  
32 cense to produce marijuana under ORS 475B.070 until the license is issued or the application  
33 is denied.

34  
35 **EXCLUSIVELY MEDICAL LICENSEES**

36  
37 **SECTION 11.** If a city or county enacts or has enacted an ordinance prohibiting or al-  
38 lowing marijuana processing sites registered under ORS 475B.435 or medical marijuana  
39 dispensaries registered under ORS 475B.450, the governing body of the city or the county  
40 may amend the ordinance, without referring the amendment to the electors of the city or  
41 county under ORS 475B.800, to prohibit or allow the premises of a licensee, as those terms  
42 are defined in ORS 475B.015, that has been designated an exclusively medical licensee under  
43 section 24, 25, 26 or 27, chapter 183, Oregon Laws 2017 (Enrolled Senate Bill 1057).

44 **SECTION 11a.** If House Bill 2198 becomes law, section 17, chapter \_\_, Oregon Laws 2017  
45 (Enrolled House Bill 2198) (amending ORS 475B.460), is repealed.

AMENDMENTS TO STATUTES AND SESSION LAW

**SECTION 12.** ORS 475B.045 is amended to read:

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

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

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

(b) Has made false statements to the commission.

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

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

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

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

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

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

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

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

(a) The manufacture of marijuana, if:

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

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

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

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

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

(c) The possession of marijuana.

**SECTION 13.** ORS 475B.110, as amended by section 4, chapter 24, Oregon Laws 2016, and section 10, chapter 83, Oregon Laws 2016, is amended to read:

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

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

- 1 (a) Must apply for a license in the manner described in ORS 475B.040;
- 2 (b) Must provide proof that the applicant is 21 years of age or older;
- 3 (c) May not be located in an area that is zoned exclusively for residential use;
- 4 (d) Except as provided in section 29b, chapter 83, Oregon Laws 2016, may not be located within
- 5 1,000 feet of:
- 6 (A) A public elementary or secondary school for which attendance is compulsory under ORS
- 7 339.020; or
- 8 (B) A private or parochial elementary or secondary school, teaching children as described in
- 9 ORS 339.030 (1)(a); and
- 10 (e) Must meet the requirements of any rule adopted by the commission under subsection (3) of
- 11 this section.
- 12 (3) The commission shall adopt rules that:
- 13 (a) Require a marijuana retailer to annually renew a license issued under this section;
- 14 (b) Establish application, licensure and renewal of licensure fees for marijuana retailers;
- 15 (c) Require marijuana items sold by a marijuana retailer to be tested in accordance with ORS
- 16 475B.555;
- 17 **(d) Notwithstanding ORS 475B.160, allow a marijuana retailer to deliver marijuana items**
- 18 **to another marijuana retailer that is owned by the same or substantially the same persons;**
- 19 [(d)] (e) Subject to the limitations and privileges described in section 5 (4), chapter 83, Oregon
- 20 Laws 2016, allow a marijuana retailer registered under section 5, chapter 83, Oregon Laws 2016, to
- 21 sell medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts at re-
- 22 tail in the same manner that rules adopted under ORS 475B.010 to 475B.395 allow a marijuana
- 23 retailer to sell general use cannabinoid products, cannabinoid concentrates and cannabinoid extracts
- 24 at retail, excepting those circumstances where differentiating between the sale of medical grade
- 25 cannabinoid products, cannabinoid concentrates and cannabinoid extracts and the sale of general
- 26 use cannabinoid products, cannabinoid concentrates and cannabinoid extracts is necessary to pro-
- 27 tect the public health and safety; and
- 28 [(e)] (f) Require a marijuana retailer to meet any public health and safety standards and industry
- 29 best practices established by the commission by rule.
- 30 (4) Fees adopted under subsection (3)(b) of this section:
- 31 (a) May not exceed, together with other fees collected under ORS 475B.010 to 475B.395, the cost
- 32 of administering ORS 475B.010 to 475B.395; and
- 33 (b) Shall be deposited in the Marijuana Control and Regulation Fund established under ORS
- 34 475B.240.
- 35 **SECTION 14.** ORS 475B.210 is amended to read:
- 36 475B.210. The Oregon Liquor Control Commission may revoke [*or*], suspend **or restrict** a license
- 37 issued under ORS 475B.010 to 475B.395 **or require a licensee or licensee representative to un-**
- 38 **dergo training** if the commission finds or has reasonable ground to believe any of the following to
- 39 be true:
- 40 (1) That the licensee **or licensee representative**:
- 41 (a) Has violated a provision of ORS 475B.010 to 475B.395 or a rule [*of the commission*] adopted
- 42 under ORS 475B.010 to 475B.395.
- 43 (b) Has made any false representation or statement to the commission in order to induce or
- 44 prevent action by the commission.
- 45 (c) Is insolvent or incompetent or physically unable to carry on the management of the estab-

1 lishment of the licensee.

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

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

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

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

11 **SECTION 15.** If Senate Bill 1057 becomes law, ORS 471.775, as amended by section 20, chapter  
12 24, Oregon Laws 2016, and section 110, chapter 21, Oregon Laws 2017 (Enrolled Senate Bill 302), is  
13 amended to read:

14 471.775. (1) The provisions of ORS 183.440 shall apply to subpoenas issued by each member of  
15 the Oregon Liquor Control Commission or any of its authorized agents.

16 (2) Subject to subsection (3) of this section, regulatory specialists have authority as provided  
17 under this chapter, ORS chapter 153, ORS 133.005 to 133.400, 133.450, 133.525 to 133.703, 133.721 to  
18 133.739, 161.235, 161.239, 161.245[, *475B.010 to 475B.395, 475B.550 to 475B.590 and 475B.600 to*  
19 *475B.655*] and chapter 743, Oregon Laws 1971, to conduct inspections or investigations, make arrests  
20 and seizures, aid in prosecutions for offenses, issue criminal citations and citations for violations  
21 and otherwise enforce this chapter, ORS 474.005 to 474.095[,] **and** 474.115, [*475B.010 to 475B.395,*  
22 *475B.550 to 475B.590 and 475B.600 to 475B.655,*] commission rules and any other laws of this state  
23 that the commission considers related to alcoholic liquor, [*marijuana and marijuana-derived*  
24 *products,*] including but not limited to:

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

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

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

31 (3) A regulatory specialist may not:

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

34 (b) Carry a firearm[;].

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

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

39 **SECTION 16.** Section 2, chapter 18, Oregon Laws 2017 (Enrolled Senate Bill 863), is amended  
40 to read:

41 **Sec. 2.** (1) As used in this section, “information that may be used to identify a consumer” means  
42 information that may be acquired through the production of a piece of identification as described in  
43 ORS 475B.170, whether the information is contained in a piece of identification described in ORS  
44 475B.170 or in a different document or record.

45 (2) A consumer may not be required to procure for the purpose of acquiring or purchasing a

1 marijuana item a piece of identification other than:

2 (a) A piece of identification described in ORS 475B.170; and

3 (b) If the consumer is a registry identification cardholder, as defined in ORS 475B.410, a registry  
4 identification card, as defined in ORS 475B.410.

5 (3) A marijuana retailer may not record and retain any information that may be used to identify  
6 a consumer, **except as necessary to make deliveries to consumers pursuant to ORS 475B.160**  
7 **(3), as required by any rules adopted under ORS 475B.160 (3).**

8 (4) A marijuana retailer may not transfer any information that may be used to identify a con-  
9 sumer to any other person.

10 (5)(a) Notwithstanding subsection (3) of this section, a marijuana retailer may record and retain  
11 the name and contact information of a consumer for the purpose of notifying the consumer of ser-  
12 vices that the marijuana retailer provides or of discounts, coupons and other marketing information  
13 if:

14 (A) The marijuana retailer asks the consumer whether the marijuana retailer may record and  
15 retain the information; and

16 (B) The consumer consents to the recording and retention of the information.

17 (b) This subsection does not authorize a marijuana retailer to transfer information that may be  
18 used to identify a consumer.

19 (6) This section does not apply to deidentified information the documentation and transfer of  
20 which is required by the Department of Revenue for purposes of section 2, chapter 91, Oregon Laws  
21 2016.

22  
23 **OPERATIVE DATE FOR SECTIONS 4 AND 6 OF ACT**

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25 **SECTION 17. (1) Sections 4 and 6 of this 2017 Act become operative on January 1, 2018.**

26 **(2) The Oregon Liquor Control Commission and the Oregon Health Authority may take**  
27 **any action before the operative date specified in subsection (1) of this section that is neces-**  
28 **sary to enable the commission and the authority to exercise, on and after the operative date**  
29 **specified in subsection (1) of this section, all of the duties, functions and powers conferred**  
30 **on the commission and the authority by sections 4 and 6 of this 2017 Act.**

31  
32 **CAPTIONS**

33  
34 **SECTION 18. The unit captions used in this 2017 Act are provided only for the conven-**  
35 **ience of the reader and do not become part of the statutory law of this state or express any**  
36 **legislative intent in the enactment of this 2017 Act.**

37  
38 **EFFECTIVE DATE**

39  
40 **SECTION 19. This 2017 Act being necessary for the immediate preservation of the public**  
41 **peace, health and safety, an emergency is declared to exist, and this 2017 Act takes effect**  
42 **on its passage.**