

Oregon Recreational Marijuana Program





History

Marijuana Regulation

- 1998 Oregon legalized medical marijuana and created OMMP (Oregon Medical Marijuana Program) in OHA
- 2014 Oregon legalized the sale and use of recreational marijuana (Measure 91) and tasked OLCC with regulation
- 2015 Session changes to Measure 91 and OMMP
- 2016 Session changes to 2015 statutes for OLCC and OMMP
- 2017 Session changes in 2016 statutes for OLCC and OMMP

Impact

- Creation of initial rules and continual development to reflect changes in law
- Creation and revisions of electronic application and tracking systems
- Creation and revisions of processes and procedures
- Hiring and internal training
- Continual outreach and education for licensees and applicants

State Marijuana Law and Responsible State Agencies

M91 November 2014

Statutes: ORS Chapter 475B

Administrative Rules OAR Division 25

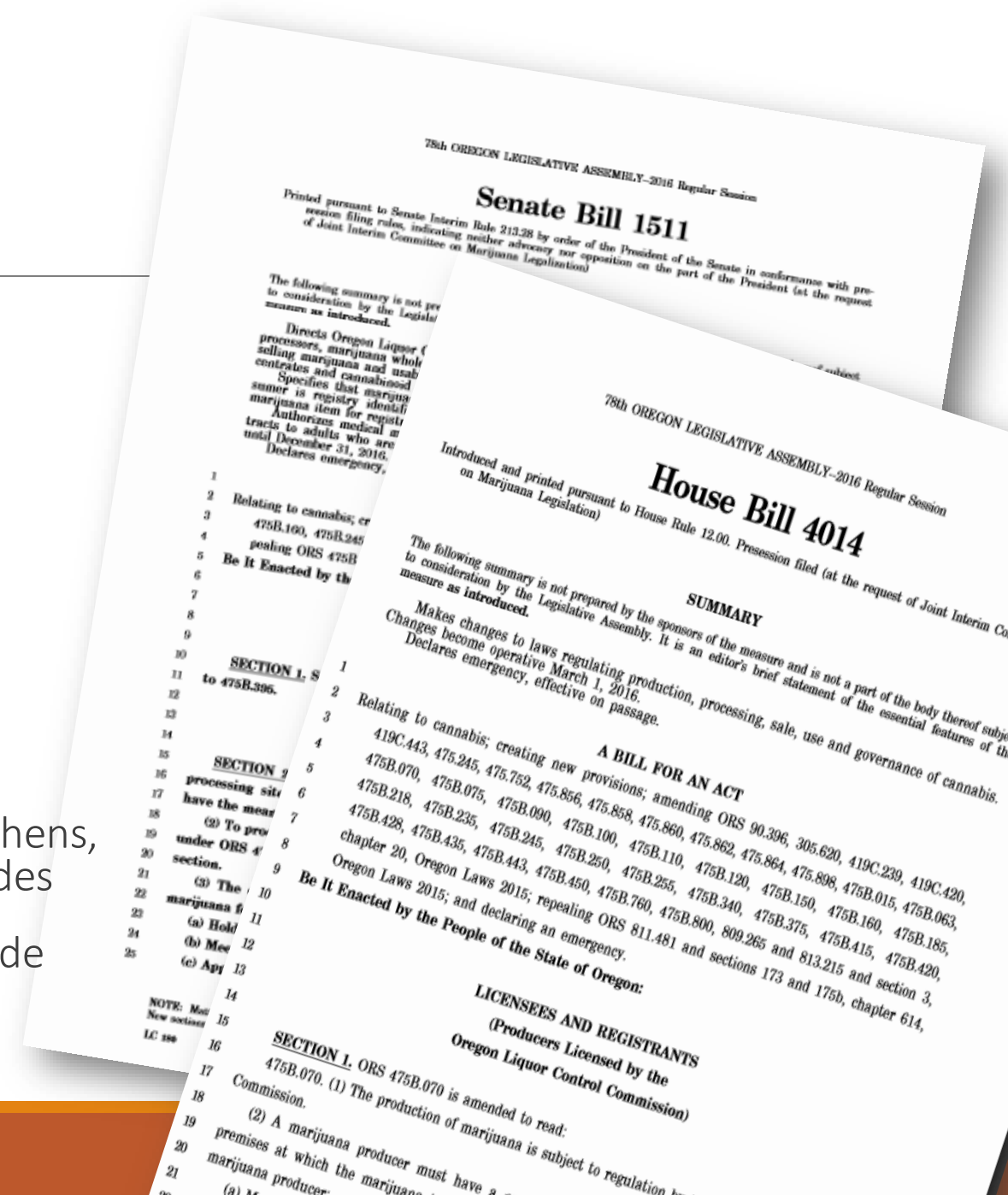
Oregon Liquor Control Commission (OLCC): recreational marijuana businesses and worker permits

Oregon Health Authority (OHA): medical marijuana activities/businesses, testing standards and requirements

Oregon Department of Revenue (DOR): tax collection

Oregon Department of Agriculture (ODA): commercial kitchens, scale certification, certain food handling activities, pesticides

Local jurisdictions: law enforcement, governing bodies, code enforcement



Local Regulation and Land Use



Land Use Compatibility Statement (LUCS)

- HB 3400 (Section 34) requires Land Use Compatibility Statement from the city or county that authorizes the land use
- Commission will not issue a license if the Land Use Compatibility Statement shows that the proposed land use is prohibited
- All retail establishments need to be at least 1,000 feet from schools or 500 if geographic or physical barrier

Local Regulation

- Time, Place & Manner – reasonable regulations on operations
- Requirements related to public access

Water Law Compliance

- All licensees required to provide proof legal access to water (source)

Energy usage

- Applicants estimate energy usage at initial application and provide actuals at recertification



Local Option – Opt Out

Cities and counties may adopt ordinances that prohibit the establishment of recreational marijuana licenses

- Opt-out ordinances must be referred to local voters at next general election
- OLCC will not grant licenses if election scheduled
- Lose opportunity to share tax revenue
- Can opt back in by rescinding opt out ordinance
- Home grow and personal use are not affected (no prohibition allowed)





Recreational Marijuana License Types

Producer : grows marijuana

Laboratory : tests marijuana

Processor: creates recreational and medical-grade marijuana-infused products

Wholesale: buys and sells marijuana wholesale

Retail: sells recreational items to consumers over 21 and medical-grade items to cardholders

Research Certificate: can conduct research using marijuana

Worker Permit: employees of any marijuana business



Producers

Who regulates?



- OLCC regulates all aspects of recreational marijuana production (growers), but by statute . . .
 - Can **limit mature and immature marijuana** production
 - Must impose limits that **equalize indoor and outdoor** production
- ODA establishes agricultural chemical usage requirements, OLCC enforces
- OHA establishes the types of testing marijuana must have, OLCC enforces



Producers Grow limits



- **Outdoor:**

Micro Tier I – up to 2,500 sq. ft.;
Tier I – up to 20,000 sq. ft.

Micro Tier II – up to 5,000 sq. ft.
Tier II – up to 40,000 sq. ft.

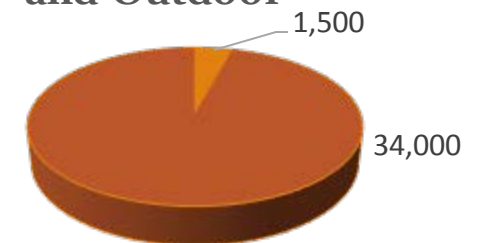
- **Indoor:**

Micro Tier I – up to 625 sq. ft.
Tier I – up to 5,000 sq. ft.

Micro Tier II – up to 1,250 sq. ft.
Tier II - up to 10,000 sq. ft.

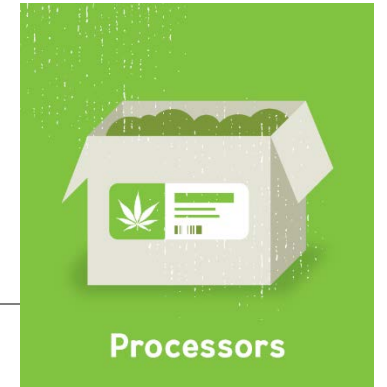
- **Mixed Production:** uses a 4:1 ratio

**Mixed Tier II with Indoor
and Outdoor**



Processors

Prohibitions

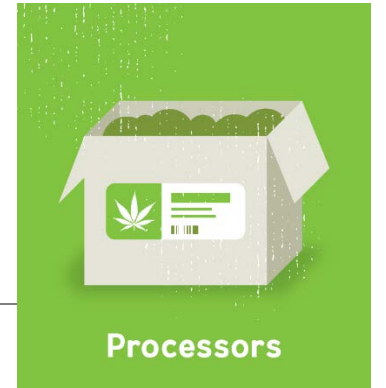


Processors **cannot:**

- Make products that **appeal to minors**: items of certain shapes, colors, flavors or non-cannabis products primarily consumed by and marketed to children
- Make “**look alike**” **products**: a cannabis-infused chocolate bar is ok, but a cannabis-infused snickers bar is not
- Make products using Dimethyl sulfoxide (**DMSO**)
- Infuse products with **certain additives**: caffeine and nicotine are most common
- Make edibles in a **non-ODA certified kitchen**, or share kitchen space with a non-licensed edible processor
- Operate in the same space as a **restaurant**

Extract Processors

Required Safety Precautions



Must use **closed loop extraction systems** that meet certain engineering standards

Must have local **fire code approval**

Must process in **fully enclosed rooms** with equipment that meets **Oregon Structural Specialty Code, related Oregon Specialty Codes and the Oregon Fire Code**

Must have certain **safety equipment available** for employees

Retailers

Privileges



Only license type that can **sell to the public**

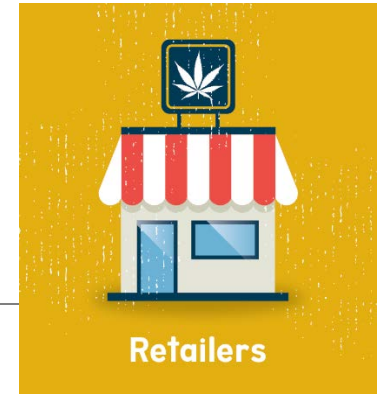
All products sold must be **tested by OLCC licensed and OHA accredited laboratory**

Within a 24-hour period, may only sell to an individual customer up to:

- 1 oz. of usable (recreational) marijuana (flower, leaves);
 - 24 oz. of usable (medical card holder) marijuana;
 - 16 oz. of solid cannabinoid product (brownies, ice cream);
 - 72 oz. of liquid cannabinoid product (soda);
 - 5 grams of extract or concentrate (prefilled vape pens, dabs);
 - 4 immature plants; and
 - 10 marijuana seeds
- Retailers can sell multiple items listed above, but no more than the individual quantities (Ex.: a retailer can sell 1 oz. of flower and 72 oz. of soda at the same time, but not 73 oz. of soda alone)

Retailers

Prohibitions



Can only sell between 7 a.m. and 10 p.m. PST

Cannot provide free samples

Cannot sell or give away materials used for home extraction

Cannot give discounts if conditioned on sale of other items (i.e. no “buy two joints, get the third 1/2 off”)

Cannot sell any marijuana item for a nominal price (tax evasion issue)

Cannot sell without verifying age of every customer

Cannot allow self-service (no vending machines)

Advertising

Similar to alcohol restrictions— advertisements cannot:

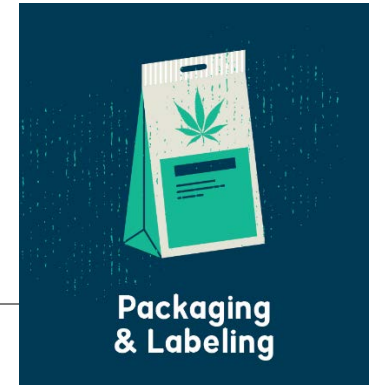
- Be **attractive to minors**: images of minors, cartoon characters, toys or items that are typically marketed to those under 21
- Promote **excess use**: displaying consumption, encourages use because of intoxicating effects, or encourages excessive or rapid consumption
- Promotes **illegal activity**: such as transporting over state lines
- Contain **deceptive, false or misleading statements**: asserting that marijuana is safe because it is regulated/tested, has therapeutic or curative effects

Prohibited Modes of Advertising:

- No handbills
- No TV, radio, billboards, print or internet unless licensee can show that no more than 30% of the audience is reasonably expected to be under 21



Packaging and Labeling



- Package cannot be **attractive to minors**
 - No cartoons
 - No consumer products, symbols, or celebrities typically marketed towards minors
- Package cannot contain any **false or misleading** statements
 - Health claims
 - Use of term “organic”
- **Child-Resistant Package** OR Exit Package at point of sale
 - Child resistance is defined by 16 CFR 1700
 - Type of packaging will vary based on marijuana item
- All label information must be unobstructed and conspicuous
- All labels must have Universal symbol and contain all information for the specific product type required by rule



Testing Laboratories



Must be accredited by OHA's accreditation body **and** be licensed by OLCC

- Required for both medical and recreational testing labs
- OHA sets all testing requirements and standards, OLCC requires all licensed businesses to follow them

May perform **all required tests**, or may **specialize**

Must be licensed and certified to **obtain samples**

Responsible for **entering test results** into seed-to-sale tracking system (which locks failed products from moving forward in the supply chain)

Going Forward: Coordination with OHA, consistent testing methodologies, consistent reporting requirements, lab audits, mislabeled pesticide products



OLCC

Marijuana Worker Permits



Anyone participating in the possession, securing or selling of marijuana, recording possession, securing or selling, verifying age of purchasers, or supervising any of these activities

Permits are applied for much like a license, permit holder must be **21 or older**, pass a **background check**, and pass a **knowledge-based test**.

Permits are **good for 5 years** and cost **\$100**

Service Permits Issued: September 12, 2017

Active Permits	Approved not Paid	Under Review	New	Denied	Total Applications
16,235	7,531	781	5,235	61	30,441

Cannabis Tracking System (Seed-to-Sale)



Statutory Requirement: directed OLCC to develop an **inventory tracking system** to ensure that taxes are collected and inventory does not migrate from or into the illegal market

- **Supplements limited staffing** resources by reporting on discrepancies and providing notice of potential tracking issues
- Designed to allow for more **effective audits** and **satisfy federal guidelines**
- Every plant is **tracked via code** from seedling to final sale to consumer
- Allows for **product recalls** when consumer safety issues are present



OREGON LIQUOR CONTROL COMMISSION CANNABIS TRANSPORTATION MANIFEST	
All cases transferred are to be completed upon the presentation of a manifest. The recipient shall verify the product is received and amount delivered matches the manifest. If a discrepancy is noted, the recipient shall notify the sender immediately. The recipient shall sign and date the manifest. The sender shall sign and date the manifest. The recipient shall retain the manifest for 90 days after the date of presentation. The sender shall retain the manifest for 90 days after the date of presentation.	
Manifest #:	0000000003
Date Completed:	08/11/2018
Licensee or Originating Entity:	FOR OLCC Use Only
Name of Originating Entity:	OLCC TRANSPORTATION, LLC
Address of Originating Entity:	1075 NE Washington Ave Portland, OR 97232-1355
Phone of Originating Entity:	
Purpose of OLCC Call with Question: <input type="checkbox"/> 0000000000	
DESTINATION:	Acme Grow CO
Ship Name or Route:	1
Destination License Number:	018-1000000000
Date and Approximate Time of Departure:	08/11/18 07:30 AM
Date and Approximate Time of Arrival:	08/11/18 07:30 AM
Notes on Transport:	
Item Description:	Item Label
Weight/Quantity:	1.0000 g
PRODUCT REJECTION (If only a portion of shipment is rejected, create a new manifest for the rejected portion.)	
Reason for Rejection:	
Quantity of Rejected Product:	
Date of Rejection:	
Signature of Person Transporting:	Date:
Signature of Person Receiving:	Date:
Manifest License Plate #:	018-1000000000

Security

General requirements for all licenses



Video recording cameras :

- 24/7 high quality, non-light dependent recording of all areas where marijuana items are present
- 90 day onsite retention of video recordings
- 30 day offsite backup video for surveillance area (so that tampering with surveillance equipment is detected)

Armed **alarm system** any time the premises is closed

Panic buttons or the equivalent to call for emergency services

Marijuana items stored in **locked/secure** locations at all times





Law Enforcement Coordination

Criminal and administrative investigations

- When OLCC investigations uncover criminal activity

Minor decoys and compliance checks

- Will be handled similar to minor decoy operations in liquor establishments

OLCC Public Safety, Education and Enforcement Committee

- Comprised of top law enforcement officials from around the state
- Tasked with discussing coordination issues, intersection between legal and illegal market forces, making recommendations for DUII study

Co-location February 2018

- OSP detectives will co-locate with the OLCC at the OLCC Medford office; in the Portland area detectives will be specifically assigned to work with the OLCC. The objective is a collaborative effort to help bring illegal grow, illegal processing, and illegal diversion activities forward for investigation and prosecution by local law enforcers and DA's.



Commitment to Outreach & Education

Website
4.9 M visits

Business
Readiness Guide
30,529 downloads

Rules
189,265
downloads

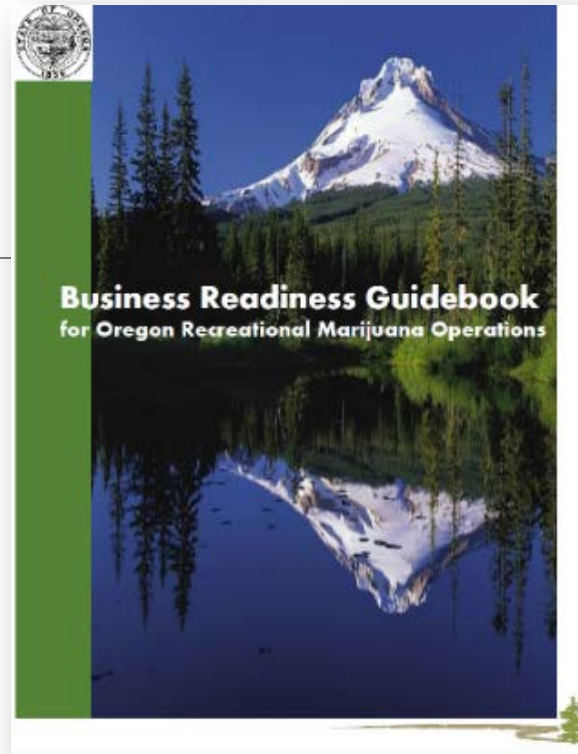
Applicant
Workshop Video
9,699 views

FAQs
1.4 M views

GovDelivery
58,378
Subscribers

September 10, 2017

Resources



Business Readiness Guide

- Contains guidance on outside agencies, requirements
- Downloadable from OLCC website

www.marijuana.oregon.gov

State Agencies Regulating Marijuana

- Infographic on “who does what” downloadable from OLCC website

www.marijuana.oregon.gov



Marijuana in Oregon:
State resources by topic

Types of common questions and suggested state resources to refer to for information.

HEALTH <ul style="list-style-type: none">• Product Testing• Concentration Limits• Labeling• Youth Prevention AGENCY: Oregon Health Authority	POSSESSION <ul style="list-style-type: none">• Packaging• What's legal?• Minor in Possession decoy operations AGENCY: Oregon Liquor Control Commission	PUBLIC SAFETY <ul style="list-style-type: none">• Nuisance complaints• DUI / field sobriety tests• Enforcement of unlicensed locations AGENCY: Local law enforcement and Oregon State Police
AGRICULTURE <ul style="list-style-type: none">• Pesticides• Weights and measures• Food safety AGENCY: Oregon Department of Agriculture	HAVE A QUESTION? ?	RECREATIONAL MARIJUANA <ul style="list-style-type: none">• Industry licensing• Cannabis Tracking System• Marijuana worker permits• Enforcement of licensed locations AGENCY: Oregon Liquor Control Commission
TAXATION <ul style="list-style-type: none">• Revenue forecasting and reporting• Legal deductions• Tax collection AGENCY: Oregon Department of Revenue	MEDICAL MARIJUANA <ul style="list-style-type: none">• Medical Marijuana Processor Registration• Medical Marijuana Dispensaries Registration• Cannabis Tracking System• Registered locations enforcement AGENCY: Oregon Health Authority	MORE INFORMATION <ul style="list-style-type: none">• whatilegatorregon.com• mjuans.oregon.gov

Oregon Liquor Control Commission:
Regulates the sale of recreational marijuana in Oregon. Works with local law enforcement and State Police to enforce the law.

Oregon Health Authority:
Oversees the medical marijuana cardholder registry for patients and regulates medical marijuana dispensaries, processors and grow sites.

Oregon Department of Agriculture:
Administers many programs that affect agriculture producers and processors. Programs could also affect cannabis production, processing, wholesale, and retail activities.

Oregon Department of Revenue:
Administers Oregon tax laws and collects taxes for more than 20 programs, including the recreational marijuana program.

Resources

What's Legal? 2.0

Legal business practices, retail sales, update on consumer responsibilities

www.whatslegaloregon.com

Go Legal

B2B campaign to engage industry on value of licensed environment

www.golegaloregon.com

Buy Legal

Industry campaign to recognize legal market (vs. illegal market)



Marijuana Licenses & Permits

	Active and Approved Licenses	Applications For Licenses Yet to Be Processed	Surrendered	2015-17 Forecast of Active Licenses	2017-19 Forecast of Active Licenses
Laboratory	21	8	1	5	23
Processor	127	220	0	120	158
Producer	787	830	18	330	919
Retailer	494	177	15	310	761
Wholesaler	94	106	3	65	113
Research	0	2	0	0	1
License Total	1,523	1,343	37	830	1,975

	Active and Approved Permits	Application for Permits Yet to Be Processed	2015-17 Forecast of Active Permits	Forecast of Approved Permits in 2017-19
Worker Permits	24,234	776	6,200	29,000

Totals as of September 11, 2017

License Fees Must Cover Cost of Administration

Processors: \$4,750

Retailers: \$4,750

Wholesalers: \$4,750 Micro Wholesalers: \$1,000

Laboratory: \$4,750 Sampling Laboratory: \$2,250

Service Permit: \$100 for 5 years

Producers:

- Micro Tier I: \$1,000
- Micro Tier II: \$2,000
- Tier I: \$4,750
- Tier II: \$5,750

A \$250 non-refundable application fee is due at initial application and at renewal



2017 Legislation



Impact on OLCC licenses

- Increases sanctioning authority including requiring education and immediate suspension authority for diversion
- Prohibits retailer from retaining customer information unless customer voluntarily offers it for marketing purposes or for delivery
- Allows industrial hemp to be sold to an OLCC processor. Must be tested, tracked, and only sold to OLCC licenses
- Allows smallest producers to process marijuana into cannabinoid concentrates under limited conditions
- Allows OLCC licensees to designate themselves as an exclusive medical licensee
- Allows OLCC producers an additional 10% of grow canopy to produce marijuana for medical use; requires 75% of extra canopy to be donated free to cardholders, 25% can be sold to OLCC licenses
- Allows licensees to transport and exhibit marijuana items at trade shows and similar events
- Recognizes tribal ID to verify age.



2017 Legislation

Impact on OHA registrants

- Requires OMMP system to be tracked in the OLCC Cannabis Tracking System
- Allows OHA grower to transfer up to 20 lbs a year to OLCC licensees, Commission can reduce amount if determines there is excess supply
- Directs OHA to share information electronically with OLCC and Dept. of Revenue
- Creates and Oregon Cannabis Commission in OHA

Other

- Requires OLCC and OHA hotlines to identify licensees and registrants
- Adds 2 members to OLCC Board

