



2022 81ST LEGISLATIVE ASSEMBLY END OF SESSION REPORT

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EXECUTIVE SUMMARY: CANNIBIS POLICY AND AGENCY FUNDING

The Oregon Liquor Control and Cannabis Commission (OLCC) serves the State of Oregon as a public safety partner, a resource for businesses and a key revenue-generator for the state. A number of legislative initiatives that directly impact the operation of the OLCC were considered during the 2022 Legislative Short Session. Note that the legislative assembly is limited to no more than 35 days to work on unfinished budget needs and intervention services through new policies. The COVID 19 pandemic continued to impact public participation in committee meetings which took place remotely.

Coming out of the short session, we saw ongoing legislative proposals that change the way the state regulates cannabis. During the 2021 legislative session, House Bill 3000 directed the OLCC to consult with the Oregon Health Authority (OHA) and Oregon Department of Agriculture (ODA) to adopt rules addressing intoxicating artificially derived cannabinoid permitted in an industrial hemp product. Additionally, a methodology for testing hemp in the field to presumptively distinguishing between hemp and marijuana was developed. If ODA finds a hemp licensee is producing marijuana, they may order it be destroyed.

Under Operation Table Rock, OLCC's work with ODA and Oregon State of Police (OSP) on HB 3000 implementation and compliance actions, inspection of registered hemp grows uncovered (1) widespread illegal marijuana cultivation and by organized criminals and (2) human trafficking of migrant workers living in subhuman conditions. Of the 316 registered hemp growing sites visited by the OLCC and the ODA in Jackson and Josephine County, 114 (54%) tested positive for the presence of marijuana.

With the assistance of the Oregon State Police (OSP), Jackson and Josephine County Sheriff's Department and the Medford Police Department, our work with ODA found a number of issues that include, but are not limited to the following: plants testing at a very high rate of marijuana; human trafficking; water theft tied to the illegal cannabis grows; depletion and drought concerns from local residents. Local law enforcement underscored the lack of adequate resources and the need for additional officers to meet the requirements of administrative investigations and search warrants.

In December 2021 Governor Kate Brown convened a special session of the legislature to address the budget shortfall relating to the COVID-19 pandemic; during this special session the legislature also approved grants to local law enforcement agencies to address the problem of unlawful marijuana cultivation and human trafficking. Senate Bill 5561 provided \$25 million for law enforcement to disrupt and prevent illegal operations. Senate Bill 893 expanded the scope of the Criminal Justice Commission's (CJC) Illegal Marijuana Market Enforcement Grant Program (IMMEGP). Increased funding IMMEGP enables community-based organizations to immediately assist exploited cannabis industry workers living in squalid conditions.

Legislators agreed that an integrated statewide approach is required to properly assess the extent of illegal grow-site activity. The legislature utilized the 2022 short session to protect legitimate hemp and marijuana growers, while ensuring that a growers must

exclusively rely on state agencies to rebut a presumptive marijuana finding. As a result, the short session focused on legislation that would provide additional funding to support ongoing coordination among state agencies, local regulators and law enforcement in combatting illegal cannabis activity. The cannabis related bills include:

- Marijuana Moratoria for new production, processor, wholesaler, and retailer licenses and Marijuana Licensing Assignment Program (HB 4016)
- Relocation of marijuana retailers within 1000 ft. of schools (HB 4016)
- Requirement for the expansion of human trafficking reporting to include cannabis (HB 4074)
- Establishing a human trafficking coordinator position within the OLCC (HB 4074)
- Eligibility for grants from the CJC to include community-based organizations (HB 4074)
- Law enforcement personnel authorized to enter a property when there is a suspected violation of state law regarding marijuana or industrial hemp (HB 4074)
- Rebuttal testing of cannabis to be performed in an agency-operated laboratory
- Hemp grower license moratorium and expansion of Task Force on Cannabis-Derived Intoxicants and Illegal Cannabis Production (SB 1564)

Bill Number **Brief Legislative Overview**

- [HB 4016](#) Authorizes Oregon Liquor and Cannabis Commission to, based on supply of and demand for marijuana, refuse to issue initial marijuana production licenses for amount of time commission determines necessary.
- [HB 4061](#) Requires certain water suppliers to maintain certain records for at least 12 months and provide records to law enforcement or Water Resources Department upon request.
- [HB 4074](#) Requires employee or worker of marijuana licensee to report human trafficking on licensed premises to Oregon Liquor and Cannabis Commission.
- [HB 4098](#) Expands designated state agencies that must work with Alcohol and Drug Policy Commission and requires agencies to meet with commission quarterly to review and report on each agency's progress and to report process and outcome measures established under commission's comprehensive addiction, prevention, treatment and recovery plan.
- [SB 1520](#) Requires certain distributors that do not participate in distributor cooperative to provide services for processing and paying refund value for beverage containers.
- [SB 1564](#) Allows governing body of county that declares state of emergency related to cannabis to request that State Department of Agriculture deny issuance of industrial hemp grower licenses in area subject to jurisdiction of county.
- [SB 5701](#) Modifies projects and amounts authorized for issuance of general obligation bonds, revenue bonds, certificates of participation and other financing agreements for biennium.
- [SB 5702](#) Establishes and modifies limits on payment of expenses from specified funds by certain state agencies for capital construction.

2022 ENROLLED BILL - 81ST LEGISLATIVE ASSEMBLY

HOUSE BILL 4016: OREGON LIQUOR AND CANNABIS COMMISSION SUPPLY OF AND DEMAND FOR MARIJUANA

INTRODUCED BY: REPRESENTATIVE JOHN LIVELY

HOUSE VOTE: Ayes-56; Nays-1; Excused-3 SENATE VOTE: Ayes-24, Nays-3, Abs-1; Exc-2

[HB 4016](#)
[Enrolled](#)

Chief Sponsors: at the request of House Interim Committee on Economic Recovery and Prosperity for Representative John Lively

In 2014, Oregon voters approved Ballot Measure 91. The measure and subsequent legislation decriminalized recreational marijuana and allowed for homegrown marijuana production, delivery, and use of marijuana. In 2019, SB 218 created a moratorium on marijuana production licenses based on the supply of and demand for marijuana through January 2, 2022. The OLCC is required to report to the Legislature the amount of marijuana produced by Recreational Producers and bought by consumers in Oregon. HB 4016 would require a full license moratorium, excluding labs, retroactive to license applications received after January 1, 2022.

Marijuana Moratoria (Retail, Producer, wholesaler)

Prohibits OLCC from issuing new marijuana production, processor, wholesaler, and retailer licenses for applications received after January 1, 2022. The moratorium does not apply to the renewal of a license; the issuance or reissuance of a license due to change in the location or ownership of a processing, wholesale or retail facility or premises.

Marijuana License Program

The OLCC may adopt rules to establish a program to assign expired, relinquished or otherwise suspended licenses issued to qualified applicants and, if necessary, may consult with other state agencies, including the Governor's office. Also, the commission may adopt other rules as necessary to carry out this section.

Includes Other Technical Fixes for OLCC

Marijuana and hemp must be tested at several stages, both for contamination, and, in the case of hemp, to ensure the concentration of THC is not above the .3 percent limit imposed by state and federal law.

Authorizes OLCC to allow a marijuana retailer mistakenly licensed to operate within 1,000 feet of a school to relocate without reapplying for a new license. person or registrant may sell or transfer a marijuana item or an inhalant delivery system that contains an industrial hemp-derived vapor item bearing the label

Operative January 1, 2023. Moratorium repealed on March 31, 2024. Declares emergency, effective on passage.

HOUSE BILL 4061: WATER SUPPLIER AND UNREGISTERED CANNABIS GROW SITE

INTRODUCED BY: REPRESENTATIVE KEN HELM

HOUSE VOTE: Ayes-57; Nays-1; Exc-2 **SENATE VOTE:** Ayes-26; Abs-1--Heard; Exc-3

[HB 4061](#)
[Enrolled](#)

Chief Sponsors: at the request of House Committee On Agriculture, Land Use, And Water for Rep. Ken Helm

In response to water theft and depletion of limited water resources for legitimate use, the legislature approved \$5 million General Fund to expand the OWRD's capacity related to water rights enforcement activities. Illegal use of water also impacted natural resources causing drought and other environmental changes. Additionally, the violation of water rights occur when water haulers legally obtain water from municipal fill stations, but then deliver the water to unregistered cannabis grow-sites. HB 4061 provides additional resources to assist the OWRD address unauthorized uses of water related to cannabis.

HB 4061:

- Requires water suppliers to maintain certain records for at least 12 months, and provide records to law enforcement or Water Resources Department upon request.
- Prohibits water hauling to unregistered or unlicensed cannabis grow sites.
- Establishes civil penalties and Class A misdemeanor criminal penalties for violation of the prohibition against providing false information to law enforcement or OWRD.
- Require OWRD, the OLCC, and ODA to make reasonable attempts to provide notice of the requirements to potentially interested persons.

Takes effect on 91st day following adjournment.

HOUSE BILL 4074: HUMAN TRAFFICKING PREVENTION REPORTING COORDINATOR

INTRODUCED BY: REPRESENTATIVE MARTY WILDE

HOUSE VOTE: Ayes-59; Nays-0; Exc-0 **SENATE VOTE:** Ayes-24; Nays-3; Exc-3

[HB 4074](#)
[Enrolled](#)

Chief Sponsors: Representatives Wilde, Morgan, Marsh, Sanchez, Senators Kennemer, Manning Jr

Regular Sponsors: Representative Alonso Leon, Hudson, Levy, Reardon, Scharf, Schouten, Smith DB, Smith G, Weber, Wright, Senator Hansell

SB 515, passed in 2021, requires a service permit-holder who is employed at full or limited on-premises sales licensee to report any suspected trafficking for human sexual exploitation that is occurring at the premises. HB 4074 extends the reporting requirement to employee or worker of marijuana licensee to report human trafficking on licensed premises to OLCC.

Creates funding for Operations and Policy Analyst 3 position to develop a Human Trafficking Prevention Coordinator position, manage the alcohol server education program, and the marijuana worker education and reporting program.

HB 4074:

- Directs the ODA to require any **rebuttal testing** of cannabis to be performed in an agency-operated lab.
- Specifies that state and law enforcement personnel are **authorized to enter a property** when there is a suspected violation of state law regarding marijuana or hemp.
- Authorizes the OLCC to allow certain licensed marijuana retailers to **relocate to other premises** without obtaining a new license
- Requires marijuana testing **laboratory employees** to obtain worker permits from the Commission.
- Modifies eligibility for grants from the CJC IMMEGP, to include **community-based organizations** (this funding is only provided to law enforcement agencies through cities and counties).

Becomes operative on January 1, 2023. Declares emergency, effective on passage.

HOUSE BILL 4098: DESIGNATED STATE AGENCIES TO WORK WITH ALCOHOL AND DRUG POLICY COMMISSION

INTRODUCED BY: REPRESENTATIVE TAWNA SANCHEZ

HOUSE VOTE: Ayes-58; Nays-0, Excu-2 **SENATE VOTE:** Ayes-26; Absent-1; Exc--3

[HB 4098 B](#)

Chief Sponsors: Representative Sanchez, Senator Sollman, Manning Jr, Frederick

Regular Sponsors: Representative Alonso Leon, Hoy, Nelson, Nosse, Williams, Senator Gelser Blouin, Jama,

Expands designated state agencies that must work with ADPC and requires agencies to meet with commission to review and report on each agency's progress and to report process and outcome measures established under commission's comprehensive

addiction, prevention, treatment and recovery plan. Also establishes the Opioid Settlement Prevention, Treatment, and Recovery Fund (Recovery Fund) in State Treasury to appropriate settlement funds to the OHA. Creates the Opioid Settlement Prevention, Treatment, and Recovery Board (Board) in OHA.

Sunsets January 2, 2040. Declares emergency, becomes effective upon passage.

SENATE BILL 1520: BOTTLE BILL MODERNIZATION & COOPERATIVE

INTRODUCED BY: SENATOR MICHAEL DEMBROW

HOUSE VOTE: Ayes-46; Nays-12; Exc-2 **SENATE VOTE:** Ayes-23; Nays-4; Exc-2

[SB 1520](#)
[Enrolled](#)

In 2020, the Secretary of State's office examined the Bottle Bill on the 50th anniversary of its 1971 passage. The report contains a number of findings and recommendations. Among other things, they recommend that, "...OLCC work with the Legislature, consumers, and industry to pursue modernization efforts of Oregon's Bottle Bill."

At the end of the 2021 session, Legislators agreed that a work group, similar to the Task Force outlined in SB 847, was needed to determine whether the state should expand the bottle bill program in addition to address concerns relating to access for people redeeming containers, bottle drops and the green and blue bag program.

Senate Bill 1520:

- Requires wine cans be included in the deposit program beginning 7/1/ 2025 and distributor cooperatives report to the Legislature no later than February 15th of each year.
- Directs the OLCC to develop signage to be posted in all groceries and markets to make redemption opportunities more understandable for consumers.
- Proposes a fee to be paid to OLCC by distributors that are not members of a cooperative.
- Requires distributors with sales of more than 500,000 beverages in the state to provide redemption services and pay an annual fee to OLCC in the amount of \$3,000 multiplied by each full-service redemption center in the state (\$25,000 for distributors with sales between 15,000 - 500,000, and \$5,000 for distributors with sales of less than 15,000 beverages).
- Requires OLCC to notify large distributors in violation of the measure and establishes civil penalties.
- Modifies requirements for notices to be displayed by dealers, requires a deposit on certain wine containers and requires.
- \$101,426 for one permanent full-time position (0.33 FTE) to administer and coordinate bottle redemption activities.

Wine cans refund begin July 1, 2025. Other provisions 91st day following adjournment.

SENATE BILL 1564: HEMP MORATORIUM AND TASK FORCE ON CANNABIS-DERIVED INTOXICANTS AND ILLEGAL CANNABIS PRODUCTION

INTRODUCED BY: SENATOR JEFF GOLDEN

HOUSE VOTE: Ayes-47; Nays-9; Excused-3 **SEN VOTE:** Ayes-23; Nays-1; Abs-1; Exc-5

[SB 1564](#)
[Enrolled](#)

Chief Sponsors: Senator Golden, Representative Marsh

Regular Sponsors: Senator Frederick, Kennemer, Manning Jr, Taylor, Representative Kropf, Lively, Morgan, Schouten, Wallan, Wilde

Industrial hemp is an agricultural with a limited amount of tetrahydrocannabinol (THC) that are grown for fiber, seed, oil, or as a cover crop. In 2021, HB 3000 directed the Commission to consult with OHA and ODA to adopt rules establishing a maximum THC concentration for artificially derived cannabinoids allowed in a product and the maximum concentration of THC or artificially derived cannabinoid permitted in an industrial hemp product. The bill also established a 15-member Task Force to consider state policies and regulation relating to cannabis derived intoxicants. During operation table rock, approximately 54% of the registered hemp growsites were found to be growing marijuana. SB 1564 measure allows a county that declares a state of emergency related to cannabis to request ODA to deny issuance of hemp grower licenses. Additionally:

- The county option to declare a state of emergency only applies to 2022 and 2023, as this section of the measure is repealed on June 30, 2023.
- ODA may still issue a grower license to a grow site within a county if the applicant had a valid license or registration during the 2020 or 2021 calendar year.
- Modifies the existing Task Force and expands it from 15 to 20 total members - Bureau of Labor and Industries (BOLI), Water Resources Department (WRD), Department of Justice, and Department of State Police.
- Includes additional topics for the task force members.
- BOLI and WRD shall provide support to the task force.

Declares emergency, effective on passage.

HB 5202: APPROPRIATION AND EMERGENCY BOARD FOR BIENNIAL EXPENSES

INTRODUCED BY: JOINT COMMITTEE ON WAYS AND MEANS

HOUSE VOTE: Ayes, 41; Nays, 16 Exc-3 **SENATE VOTE:** Ayes, 23; Nays, 2; Abs-3; Exc-3

As part of the 2021-23 biennium statewide rebalance plan, HB 5202 is the omnibus budget reconciliation bill for the 2022 legislative session and adjusts the Emergency Board's special purpose appropriations. The bill implements core components of a statewide budget plan that addresses changes in projected revenues and expenditures since the close of the 2021 session. The Subcommittee approved HB 5202 with amendments to reflect budget adjustments described in the subsequent narrative.

- The Legislature approved an Other Funds expenditure limitation increase of
- \$504,000 to continue development of the online beer and wine privilege tax reporting system. System changes will enhance user functionality and increase technical support for stakeholders.
- \$210,000 was approved to replace a faulty main sewer line to the agency's existing headquarters building, which was constructed in 1954.
- The Bond Authorization bill (SB 5701) includes an additional \$5 million in Article XI-Q bonds for the agency's automated conveyor and order fulfillment system, resulting in the need for additional Other
- \$30,000 in HB 5202 to cover cost of issuance.
- \$77,917,783 in article XI-Q bonds was approved in the Capital Construction bill for land acquisition and construction of a warehouse/headquarters facility; associated cost of issuance for that bond sale requires additional Other Funds expenditure limitation in HB 5202 of \$792,217.
- Debt service for the 2021-23 biennium will decrease by \$3,117,526 because the sale of bonds for the projects will be delayed until the spring of 2023.

SB 5701: ADDITIONAL ARTICLE XI-Q BONDS STATE FINANCIAL ADMINISTRATION
INTRODUCED BY: JOINT COMMITTEE ON WAYS AND MEANS

HOUSE VOTE: Ayes-45; Nays-11; Exc-4 **SENATE VOTE:** Ayes-22; Nays-5; Abs-1; Exc-2

SB 5701 includes the following increases in general obligation and lottery revenue bonds authorized to be issued during the 2021-23 biennium:

- \$30.2 million of Article XI-Q bonds to finance public university capital improvement and renewal.
- \$19.9 million of Article XI-Q bonds to finance the third phase of the Capitol Accessibility, Maintenance, and Safety (CAMS) project.
- \$4.4 million of additional Article XI-Q bonds for the Crook County courthouse replacement project.
- \$83.7 million of additional Article XI-Q bonds for the new Oregon Liquor and Cannabis Commission warehouse and conveyor system that will be supported with Other Funds liquor revenues.
- \$18.1 million of Article XI-Q bonds for improvements to a state-owned facility and IT system that will be supported with Other Funds revenues.

SB 5702: RELATING STATE FINANCIAL ADMINISTRATION

INTRODUCED BY: JOINT COMMITTEE ON WAYS AND MEANS

HOUSE VOTE: Ayes-45; Nays-11; Exc-4 **SENATE VOTE:** Ayes-22; Nays-5; Abs-1; Exc-2

SB 5702 is the budget bill for capital construction projects. The bill establishes authority for the acquisition of land and the planning, design, repair, and construction of projects with costs over \$1 million. Projects are funded with proceeds of bonds authorized in SB 5701, as well as General Fund and other revenues received by agencies.

Establishes additional Other Funds capital construction expenditure limitation of \$159.5 million and includes a capital construction General Fund appropriation of \$223.1 million for the 2021-23 biennium.

OLCC related bills that did not pass during the short session:

<u>Bill Number</u>	Brief Legislative Overview
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<i>SB 1506</i>	Increases maximum percentage of tax or fee that governing body of city or county may impose on sale of marijuana items.
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<i>SB 1512</i>	Specifies conditions under which licensing board, commission or agency may suspend or deny occupational or professional license on basis of applicants or licensee's criminal history, moral character or similar qualification.
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<i>SB 1541</i>	Directs Department of State Police to establish unit to assist county sheriffs' offices with law enforcement related to unlawful marijuana cultivation or distribution operations and with general local law enforcement needs.
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<i>SB 1587</i>	Includes community-based organizations as entities eligible to receive financial assistance from Illegal Marijuana Market Enforcement Grant Program in order to address ongoing humanitarian crisis associated with unlawful marijuana cultivation or distribution operations.
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