

Metrc Guide for Tracking Hemp for Sale at Recreational Marijuana Retailers

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General Rules and Guidelines

<u>This guide does not cover hemp requirements outside of the OLCC adult use marijuana</u> <u>system.</u>
OLCC primarily oversees hemp sales within the adult use marijuana system; ODA primarily governs and regulates hemp licensees for all other activity outside of the OLCC system.

Rules and requirements related to entrance of industrial hemp and hemp items into the Oregon adult use marijuana market are overseen by three state agencies.

The <u>Oregon Department of Agriculture</u> (ODA) oversees the Oregon <u>Industrial Hemp program</u>. ODA licenses and regulates Hemp Growers and Hemp Handlers and oversees pre-harvest field testing of hemp crops.

The <u>Oregon Liquor Control Commission</u> (OLCC) approves licenses for the adult use marijuana market and oversees adult use marijuana rules, including: security requirements; data tracking in Metrc, the state's Cannabis Tracking System (CTS); and proper handling of marijuana produced within the adult use market. *The OLCC primarily regulates hemp that enters the adult use marijuana market for sale at OLCC-licensed marijuana Retailers*. Any hemp licensee wishing to transfer hemp into the OLCC system must apply for and obtain an <u>Industrial Hemp Certificate</u> from the OLCC. The OLCC also has some regulatory authority over cannabinoid content of hemp items sold to Oregon consumers outside of the adult use marijuana market, and labeling and testing requirements for hemp vape products outside of the adult use marijuana market.

The <u>Oregon Health Authority</u> (OHA) oversees the Oregon Medical Marijuana Program (OMMP), including testing rules for marijuana which are also applicable for hemp items entering the OLCC adult use marijuana market. Within OHA is also the Oregon Environmental Laboratory Accreditation Program (ORELAP), which oversees accreditation of sampling and testing of all cannabis – medical marijuana, adult use marijuana, and hemp. ORELAP accreditation is required for OLCC-licensure, and only laboratories who are licensees with the Oregon Liquor Control Commission (OLCC) can conduct pre-harvest testing of industrial hemp.

This guide is specific to rules and data tracking within the adult use marijuana market for hemp.

The content in this guide applies to:

- ODA-licensed Hemp Growers or Hemp Handlers transferring hemp for processing or sale at OLCC-licensed marijuana locations;
- OLCC-licensed marijuana Wholesalers, Processors, and Retailers receiving hemp items from an ODA-licensed Hemp Grower or Hemp Handler.

The content in this guide **does not** apply to:

 ODA-licensed Hemp Growers or Hemp Handlers that are transferring hemp items to any location without an OLCC adult use marijuana license.

Overview

Under Oregon law, industrial hemp and hemp items can only enter the OLCC-regulated adult use marijuana market if they are tracked through the state's Cannabis Tracking System. The business transferring the industrial hemp or hemp item into the OLCC system must register with the OLCC by obtaining an Industrial Hemp Certificate. In order to obtain the OLCC certificate, the business must be licensed with ODA as either a Hemp Grower or Hemp Handler.

The industrial hemp or hemp item must first be entered into Metrc by the Hemp Certificate holder, then the certificate holder needs to order the appropriate compliance tests on the hemp or hemp item so the test results are recorded in Metrc and associated with the Metrc package. This testing must occur **prior to the industrial hemp or hemp item being transferred to an OLCC licensee**. After the industrial hemp or hemp item has passed all required compliance testing, it can be transferred to OLCC licensees.

Industrial hemp and hemp items in the OLCC system must comply with the THC limits in OAR <u>845-025-2760</u>, as well as complying with any requirements that apply to marijuana items. Finished hemp items that are packaged for sale to consumers must also comply with OLCC labeling requirements, including either having an OLCC-approved label, or a valid generic label (if applicable).

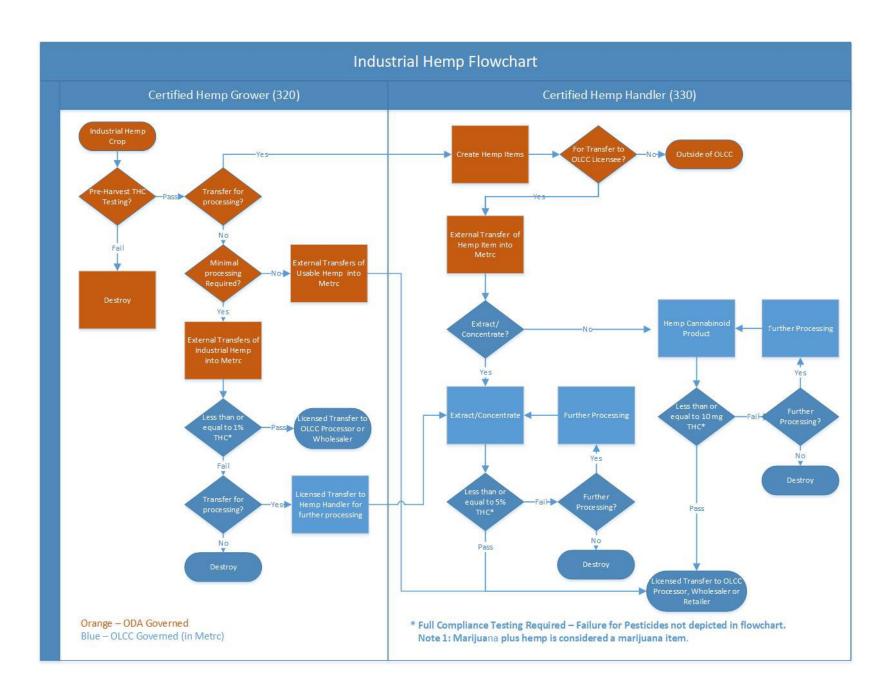
Bringing Hemp into the Adult Use Marijuana System

Hemp certificates are issued by the OLCC and are available to ODA-licensed Hemp Growers and ODA-licensed Hemp Handlers. The privileges of the certificate depend on the type of hemp license:

Hemp Grower Certificate Holders: An ODA-licensed Hemp Grower with an Industrial Hemp
Certificate issued by the OLCC will have an account in Metrc that can be used for "harvested
industrial hemp" intended for use as an ingredient by an OLCC Processor. This is industrial hemp
plant material that has not been processed, or has been only minimally processed for purposes
of transfer or storage. It does not include "usable hemp" (smokable hemp flower). Hemp
Grower Certificate Holders may only transfer, sell, or transport tested industrial hemp to OLCC
Processors or Wholesalers. Metrc-tracked industrial hemp that fails compliance testing for THC
level must either be transferred to a Hemp Handler Certificate Holder for further processing or
destroyed.

Hemp Handler Certificate Holders: An ODA-licensed Hemp Handler with an Industrial Hemp Certificate issued by the OLCC can use their Metrc account to bring "hemp items" into Metrc through external transfers. "Hemp items" include usable hemp (smokable flower, plain pre-rolls), hemp extracts and concentrates, or hemp cannabinoid products (such as hemp edibles, hemp topicals, and hemp vape cartridges that contain non-cannabis additives). A Hemp Hander Certificate Holder may transfer, sell, or transport tested hemp items to OLCC Wholesalers, Retailers, or Processors. A Hemp Handler can also bring "harvested industrial hemp" into Metrc through external transfers. This is industrial hemp plant material that has not been processed, or has been only minimally processed for purposes of transfer or storage. Hemp Handers may only transfer, sell, or transport tested industrial hemp to OLCC Wholesalers or Processors.

The following diagram illustrates how tracking of hemp will function within Metrc; <u>orange</u> boxes indicate that the step takes place within the ODA hemp system and is not tracked in Metrc.



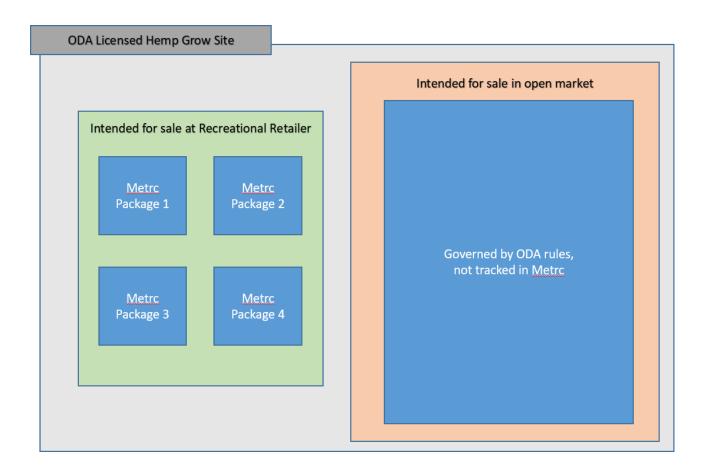
OLCC licensees have the following privileges related to receipt of hemp items from an OLCC-certified Hemp Grower or Handler.

- OLCC Producer: OLCC Producers may not receive industrial hemp or hemp items do not have the privilege to allow industrial hemp or hemp items to be on the licensed premises of an OLCC Producer.
- OLCC Processor: Processors must have an Industrial Hemp Endorsement approved by OLCC to receive or process hemp or hemp items. A Processor who processes industrial hemp should inquire with ODA to determine whether they are required to obtain an ODA Hemp Handler license. A Processor who is also licensed as a Hemp Handler must continue to comply with all OLCC rules; the Hemp Handler license does not make the Processor eligible to transfer hemp or hemp items anywhere other than to an OLCC licensed premises, except for external transfers done in accordance with OAR 845-025-3320.
- OLCC Wholesaler: May receive hemp items and "harvested industrial hemp" (hemp that is unprocessed or minimally processed for purpose of transfer or storage) through a licensed transfer in Metrc that has been manifested from an OLCC-certified Hemp Handler. When receiving industrial hemp or hemp items, the Wholesaler must verify that the item has passed the appropriate testing and is within the new THC concentration limits for hemp. Wholesalers may transfer hemp items to a Retailer. Wholesalers may transfer hemp items and harvested industrial hemp to a Processor with an industrial hemp endorsement or to a Wholesaler. They may not transfer harvested industrial hemp to a Retailer because harvested industrial hemp is not an item that Retailers have the privilege to sell.
- OLCC Retailers: May receive hemp items, including "usable hemp," through a licensed transfer in Metrc from a Commission-certified Hemp Handler. When receiving hemp items, the Retailer will need to verify that the item has passed the appropriate testing and is within the new THC concentration limits for hemp items. Retailers may not receive "harvested industrial hemp" (hemp that is unprocessed or minimally processed for purpose of transfer or storage). A Retailer may only receive or sell a hemp item if it is within the THC concentration limits for hemp items specified in OAR 845-025-2760.
- **Hemp Exiting the OLCC Market:** Once a hemp product is in the OLCC system, there are only two ways it can leave the tracked system:
 - Through sale to consumers by an OLCC-licensed Retailer.
 - Through an external transfer from an OLCC-licensed Processor to an unlicensed person in accordance with OAR 845-025-3320.
- **Prohibited Transfers:** Untested industrial hemp or hemp items, living industrial hemp plants, and industrial hemp seeds may not be transferred to OLCC licensees.

Creating Hemp Packages in Metrc

Only hemp intended for sale at, or intended to be used as an ingredient in a product intended for sale at, an OLCC-licensed Retailer will be tracked in Metrc. Hemp sold on the open market is regulated exclusively by ODA and is not entered into Metrc, except for an OLCC-licensed Laboratory tracking samples of hemp vape products.

The below diagram illustrates hemp that has been "earmarked" for the OLCC system as compared to hemp to be sold on the open market. Each of the Metrc packages in the diagram below would be entered into Metrc via an External Incoming Transfer by the OLCC-certified Hemp Grower or Handler. Step-by-step instructions for External Transfers can be found below the diagram.



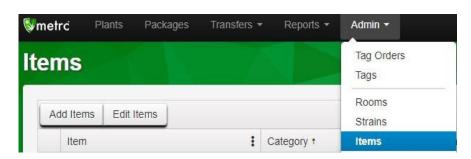
Prior to importing hemp into your Metrc account through an External transfer, you will need to configure your "Items." Items are separated by category: Industrial Hemp, Industrial Hemp Concentrate, etc.

Reference the OLCC <u>Product Categorization Guide</u> for examples of the various item categories. Additional instructions are available in the <u>Setting Up and Using Metrc for Hemp Certificate Holders</u> guide.

Prior to importing hemp into your Metrc system through an External transfer, you will need to order your package tags. Instructions for ordering package tags are available in the <u>Setting Up and Using Metrc for Hemp Certificate Holders</u> guide.

To add Items in Metrc:

- 1. Select the arrow to the right of *Item* on the top navigation bar.
- 2. Select *Item* from the dropdown list.
- 3. Click on *Add Item* from the Items screen.

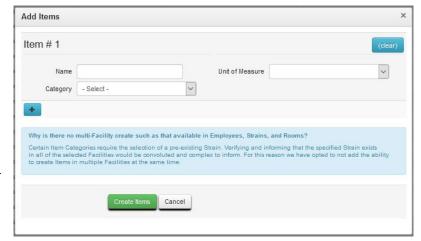


The Add Items window will open.

- 1. **Name:** You may name your items whatever you choose.
- Category: Choose the hemp category as defined in ODA and OLCC rules; see OLCC's <u>Product Categorization Guide</u> for definitions.

Note: Selecting a category item of "each" will require that the following cells are populated: *Unit of Measure*, *Unit Weight*, *Unit* dropdown selection.

"Weight" based category selections only require *Unit of Measure*.



To bring hemp into an ODA Hemp Grower or Hemp Handler site's Metrc inventory, an External Transfer is required:

- 1. Select the arrow to the right of *Transfers* on the top navigation bar.
- 2. Select *External* from the dropdown list.
- Select the *Incoming* tab and click on the *New Transfer* button.

A *New Incoming Transfer* window will open.

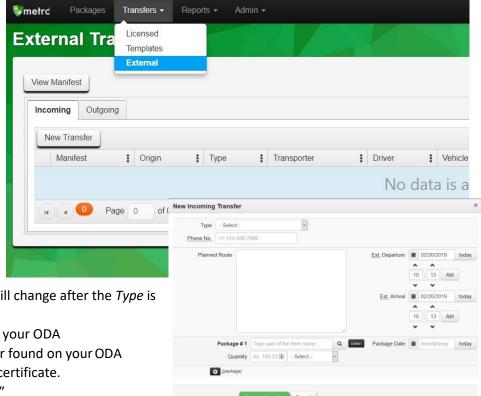
1. **Type:** Select *Hemp* from the dropdown list.

Note: The screen options will change after the *Type* is selected.

ODA Grower/Handler ID: Input your ODA
 Grower/Handler license number found on your ODA
 Hemp Grower/Handler license certificate.

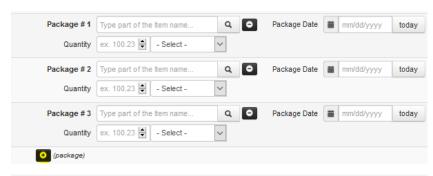
For example: "AG-R123XYZ"

- 3. *Origin Name*: Business Name of ODA Hemp Grower/Handler.
- 4. **Phone No.**: Contact number for ODA Grower/Handler.
- 5. **Planned Route:** This is a required field that contemplates transportation from one address to another. In the case of Hemp Grower/Handlers entering industrial hemp and hemp items into Metrc there is no actual transportation taking place. In this field enter "Hemp being brought into adult use marijuana system."
- 6. **Est. Departure**: Enter the date and time of estimated departure (will default to current date and time).
- 7. **Est. Arrival**: Enter the date and time of estimated arrival (will default to current date and time).
- 8. **Package #1**: Enter the items to bring into Metrc, or click on the magnifying glass symbol to select from a list of previously entered Items.
 - a. Quantity: Quantity of package
 - b. **Unit of Measure**: If count-based item type, will be "each"; if weight-based, may begrams, ounces, pounds, etc.
 - c. Package Date: Date package is created in Metrc.



- 9. Add additional packages by clicking on the "Plus" button under Package #1.
- 10. Click on *Register Transfer* to record entries.

 Note: Clicking "Register Transfer" does not create tagged packages in your inventory; you must "Complete" the External transfer to fully reconcile your inventory.



Completing an External Transfer:

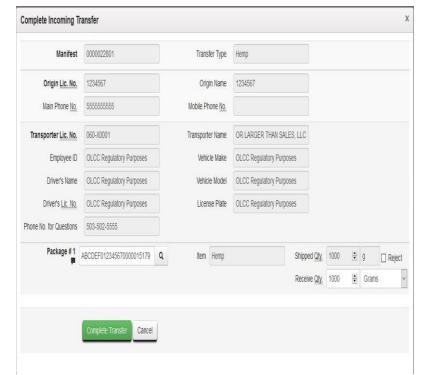
- Navigate back to the Transfers, External, and Incoming tab.
- Locate your incoming transfer.
 Hint: Type should be "Hemp."
- 3. Select the *Complete* button.



A Complete Incoming Transfer window will open.

- Confirm the accuracy of the Shipped Qty. and Units of each package. The Received Qty. and Units will be auto-populated, and can be corrected at this time.
- 2. Assign a unique RFID (Package) tag to each item by clicking the magnifying glass symbol and selecting a tag from popup window. Hemp Growers/Handlers must have ordered and received Metrc package tags to complete this step; instructions on ordering tags can be found in the Setting Up and using Metrc for Hemp Certificate Holders guide.
- 3. Once the information is accurate and complete, click the *Complete Transfer* button.

Note: The packages from your accepted External transfer will now be located on your Packages page.



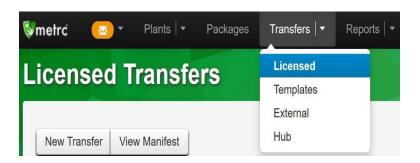
Once in Metrc, transfers of hemp requires a Licensed Transfer, in the same way an OLCC licensee would receive any package from another licensee in Metrc.

Once the product is brought into the OLCC system it can then be processed, tested, and transferred to an OLCC licensed facility.

Prior to transfers to an OLCC licensee the hemp product must have passed all required compliance tests. This testing must occur <u>after</u> the hemp product has been created in Metrc. <u>The sampling and all test</u> results must be recorded in Metrc.

Licensed Transfer:

- To transfer to an OLCC Licensee (or Hemp Handler Certificate Holder, in cases of a hemp item that exceeded the maximum THC concentration allowed) first select the *Transfers* from the top navigation bar.
- 2. Select Licensed.
- 3. Click on the New Transfer button.



A New Licensed Transfer window will open.

- 1. First, select the transfer *Type*. There are two types of transfers in Metrc:
 - a. Transfer: Transfer refers to transfers of product that are not associated with the sale of the product, but just passing the product from one license to another. For example, a vertically integrated business structure may transfer product between license types, but no money changes hands between those licensees.
 - b. Wholesaler: Wholesale transfer refers to transfers where a price/sale is associated with the transfer to the receiving licensee. For example, Hemp Handler A would transfer to Retailer B and

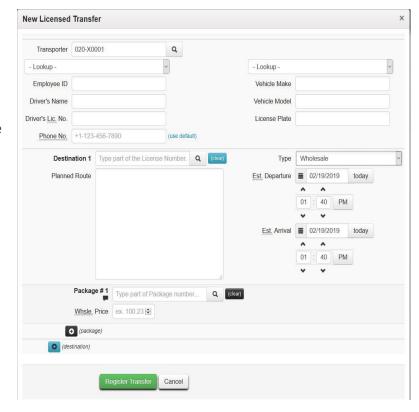


charge a price of \$1,000 for the package. If you select "Wholesale" you will be required to enter the price of each package.

Once the transfer type is selected, additional fields will appear asking for employee and vehicle information.

Follow the steps in the External Transfer section to complete the *New Licensed Transfer* window.

<u>Note:</u> Licensed Transfers will require driver and vehicle information. If the driver does not have an OLCC Marijuana Worker Permit, "Employee ID" may be the driver's name.

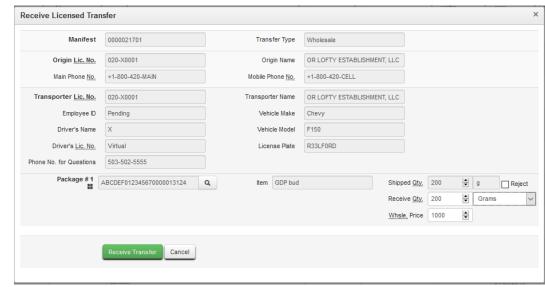


The Hemp Handler or OLCC Licensee will need to complete the *Licensed Transfer* for it to leave your inventory and appear in theirs:

- 1. Navigate back to the Transfers, *Licensed*, and *Incoming* tab.
- 2. Locate your incoming transfer.
- 3. Select the Receive button.

A Received Licensed Transfer window will open.

- Confirm the accuracy of the Shipped Qty. and Units of each package. The Received Qty. and Units will be autopopulated, and can be corrected at this time.
- 2. Once the information is accurate and complete, click the *Receive Transfer* button.



Testing Requirements

All hemp items in the OLCC system must meet full compliance testing and all compliance sampling and testing must be recorded in Metrc. In addition to the same testing standards as the equivalent marijuana item, a hemp item must pass potency testing by having no more than the following THC amounts:

Item	THC maximum
Harvested industrial hemp	One percent total THC
Usable hemp	One percent total THC
Hemp concentrate or extract	Five percent total THC <u>and</u> 100 milligrams total THC in a container
Hemp cannabinoid product other than a tincture or topical (e.g. a hemp edible)	One percent total THC <u>and</u> two milligrams total THC per serving <u>and</u> 20 milligrams total THC in a container
Hemp tincture	One percent total THC <u>and</u> 100 milligrams total THC in a container
Hemp topical	Three-tenths of a percent (0.3%) total THC

Pre-Harvest Testing: All industrial hemp grown in Oregon must pass pre-harvest testing for THC per OAR 603-0488-0600 in order to be certified as hemp. This testing occurs prior to being processed into any other hemp item or brought into Metrc, and pre-harvest testing is not reported in Metrc.

"Pre-Harvest Hemp THC Testing" 0.3 % THC, tested within twenty (28) days prior to harvest. Once certified as hemp in the field through a pre-harvest Hemp THC Test, anything that comes from that harvest is considered hemp regardless of whether additional testing results in a higher THC result.

Sampling and Testing: The types of testing required depends on the product being tested and its destination. For example, usable hemp for sale to a consumer must pass different tests than usable hemp being sent to a Processor for extraction or concentration, see the <u>Product Categorization Guide</u> for more details.

Sampling must be conducted and testing must be reported using the harvest lot identifier described in OAR 603-048-0500.

Harvested Industrial Hemp Testing: Harvested industrial hemp must pass compliance testing per <u>OAR</u> 845-025-2750 or <u>OAR</u> 845-025-2755 prior to transfer to OLCC Processor or Wholesaler. Usable hemp that fails compliance testing for THC may be transferred to a Hemp Handler for further processing, or destroyed.

Hemp Extract and Concentrate, and Hemp Product Testing: Hemp extracts/concentrates must pass compliance testing per <u>OAR 845-025-2755</u> prior to further processing or transfer of hemp extracts or concentrates to an OLCC Processor, Wholesaler, or Retailer.

Hemp Cannabinoid Product Testing: All hemp cannabinoid products must meet compliance testing per OAR 603-048-2310 and OAR 845-025-2755 prior to transfer to an OLCC Processor, Wholesaler or Retailer.

Frequently Asked Questions

Q1: What is the difference between a Hemp Grower and a Hemp Handler?

A1: A licensed Hemp Grower can grow and harvest industrial hemp. Certified Hemp Handlers can handle harvested industrial hemp and process hemp commodities and products.

Q2: What should the category be if I add marijuana to hemp?

A2: Any combination of a marijuana item and a hemp item results in the product becoming a marijuana item. Combining marijuana and hemp creates an "other cannabinoid product," which in Metrc is classified as "Combined Category." This includes pre-rolls that combine marijuana and hemp, one-to-one marijuana and hemp extracts, and any other combination of marijuana and hemp.

For more information on hemp and marijuana categorization, see the <u>Product</u> <u>Categorization Guide</u>.

Q3: My hemp passed certification testing but tested higher than 1% THC by the OLCC laboratory. Is it hemp or marijuana? What can I do with it?

A3: It is hemp, but it cannot be transferred to an OLCC licensee because it exceeds the maximum THC concentration limits for hemp entering the tracked OLCC system. You may either destroy the product or transfer the product in Metrc to a Commission-certified Hemp Handler who can then process it into a hemp item that is below the maximum THC concentrations for hemp items. The maximum THC values are described in the Testing Requirements section of this guide.

If you have hemp that you are not sure will test below the maximum THC concentration limits, you may choose to request R&D testing from a laboratory prior to entering the hemp into Metrc.

Q4: I am an OLCC processor, received hemp from a Hemp Grower or Handler, and processed without combining it with any marijuana item. Is it hemp or marijuana? Does it have to be below a maximum concentration of THC?

A4: If an OLCC licensee received hemp from a certified-Hemp Grower or Handler, that item remains hemp as long as it is not combined with any marijuana item. The maximum THC concentration applies to all hemp items, *even those processed by an OLCC licensee*. Prior to transfer of hemp, even if OLCC licensee-to-licensee, the item must meet all compliance testing requirements and be below the maximum THC concentration as described in the <u>Testing Requirements</u> section of this guide.

Q5: Can I transfer industrial hemp (minimally processed or unprocessed) to a retailer?

A5: No. Industrial hemp can only be transferred to OLCC licensed Processors or Wholesalers. At this stage, industrial hemp is regulated by ODA, and handling industrial hemp requires an ODA hemp handler license. Once in Metrc, industrial hemp may be processed by OLCC-licensed Processors into a hemp items, or used as an ingredient in a marijuana item. Those finished hemp items or marijuana items can be transferred to an OLCC-licensedRetailer.

Additional Resources

- Oregon Department of Agriculture (ODA):
 - o Main Office Phone: (503) 986-4550
 - Email: hemp@oda.oregon.gov
 - o https://www.oregon.gov/oda/programs/Hemp/Pages/default.aspx
 - ODA Industrial Hemp Rules Chapter 603 Division 48:_
 https://secure.sos.state.or.us/oard/displayDivisionRules.action?selectedDivision=2726
- Oregon Liquor Control Commission (OLCC):
 - o Hotline: (503) 872-6366
 - o Main Office Phone: (503) 872-5000
 - o OLCC Toll Free Number: (800) 452-6522
 - OLCC hemp questions: <u>olcc.hemp@oregon.gov</u>
 - o OLCC compliance questions: marijuana@oregon.gov
 - OLCC Metrc (CTS) questions: marijuana.cts@oregon.gov
 - OLCC Licensing: marijuana.licensing@oregon.gov
 - OLCC Packaging and Labeling: <u>marijuana.packaging@oregon.gov</u>
 - OLCC Hemp Page: https://www.oregon.gov/olcc/marijuana/Pages/Hemp.aspx
 - Oregon Metrc Wiki: https://wiki-or.metrc.com/
 - OLCC Hemp Certification Application:

 https://www.oregon.gov/olcc/marijuana/Pages/Hemp-Certificate

 Application-Process.aspx
 - OLCC & ODA Hemp Testing and Potency Quick Reference Guide: https://www.oregon.gov/olcc/marijuana/Documents/Hemp/Hemp-Testing-and-Potency-Guide.pdf
 - OLCC Sampling & Testing Guide:_ https://www.oregon.gov/olcc/marijuana/Documents/CTS/SamplingandTestingGuide.pdf
 - OLCC Recreational Marijuana Rules Chapter 845 Division 25:_ https://secure.sos.state.or.us/oard/displayDivisionRules.action?selectedDivision=3873
 - OLCC Adult Use Cannabis and Hemp Concentration Limit Rules Chapter 845 Division 26: https://secure.sos.state.or.us/oard/displayDivisionRules.action?selectedDivision=6492
 - Product Categorization Guide:_ https://www.oregon.gov/olcc/marijuana/Documents/CTS/ProductCategorizationGuide.pdf
 - Setting Up and Using Metrc for Hemp Certificate Holders:_ https://www.oregon.gov/olcc/marijuana/Documents/CTS/Hemp Metrc StartUpGuide.pdf
 - Oregon Health Authority (OHA):
 - Marijuana testing rules (rules also applicable for hemp items entering and transferred within the OLCC system): http://healthoregon.org/marijuanatesting
 - Metrc Support Desk Can help with questions about specific Metrc functionality and issues:
 - o (877) 566-6506
 - support@metrc.com