Exhibit 1
Current OLCC Division 25 regulations

OREGON LIQUOR CONTROL COMMISSION
DIVISION 25
RECREATIONAL MARIJUANA

GENERAL REQUIREMENTS APPLICABLE TO ALL MARIJUANA LICENSEES

845-025-1000
Applicability

(1) A person may not produce, process, transport, sell, test, or deliver marijuana for commercial recreational use without a license from the Commission or as otherwise authorized under these rules.
(2) Nothing in these rules exempts a licensee or licensee representative from complying with any other applicable state or local laws.
(3) Licensure under these rules does not protect a person from possible criminal prosecution under federal law.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 12, 14, 15, 16, 33, 38 and 93, Chapter 614, Oregon Laws 2015

845-025-1015
Definitions

For the purposes of OAR 845-025-1000 to 845-025-8590, unless otherwise specified the following definitions apply:
(1) "Adulterated" means to make a marijuana item impure by adding foreign or inferior ingredients or substances. A marijuana item may be considered to be adulterated if:
(a) It bears or contains any poisonous or deleterious substance in a quantity rendering the marijuana item injurious to health, including but not limited to tobacco or nicotine;
(b) It bears or contains any added poisonous or deleterious substance exceeding a safe tolerance if such tolerance has been established;
(c) It consists in whole or in part of any filthy, putrid, or decomposed substance, or otherwise is unfit for human consumption;
(d) It is processed, prepared, packaged, or is held under improper time-temperature conditions or under other conditions increasing the probability of contamination with excessive microorganisms or physical contaminants;
(e) It is processed, prepared, packaged, or held under insanitary conditions increasing the probability of contamination or cross-contamination;
(f) It is held or packaged in containers composed, in whole or in part, of any poisonous or deleterious substance rendering the contents potentially injurious to health;
(g) Any substance has been substituted wholly or in part therefor;
(h) Damage or inferiority has been concealed in any manner; or
(i) Any substance has been added thereto or mixed or packaged therewith so as to increase its bulk or weight, or reduce its quality or strength, or make it appear better or of greater value than it is.
(2)"Authority" means the Oregon Health Authority.

(3) "Business day" means Monday through Friday excluding legal holidays.
(4) "Cannabinoid" means any of the chemical compounds that are the active constituents of marijuana.
(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 or other solvent, such as water, vegetable glycerin, vegetable oils, animal fats, isopropyl alcohol or ethanol; or
(c) A chemical extraction process using the hydrocarbon-based solvent carbon dioxide, provided that the process does not involve the use of high heat or pressure; or
(6) "Cannabinoid edible" means food or potable liquid into which a cannabinoid concentrate, cannabinoid extract or dried marijuana leaves or flowers have been incorporated.
() "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 the hydrocarbon-based solvent 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.
(7)(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 571.300.
(8) "Cannabis Tracking System" or "CTS" means the system for tracking the transfer of marijuana items and other information as authorized by section 23, chapter 614, Oregon Laws 2015.
(9)"Compliance transaction" means a single covert, on-site visit in which a Commission authorized representative poses as an authorized representative of a licensee or a consumer and attempts to purchase or purchases a marijuana item from a licensee, or attempts to sell or sells a marijuana item to a licensee.
(10) "Container" means a sealed, hard or soft-bodied receptacle in which a marijuana item is placed prior to being sold to a consumer.
(11)"Commission" means the Oregon Liquor Control Commission.
(12)"Consumer" means a person who purchases, acquires, owns, holds or uses marijuana items other than for the purpose of resale.
(13) "Date of Harvest" means the date the mature marijuana plants in a harvest lot were cut, picked or removed from the soil or other growing media. If the harvest occurred on more than one day, the "date of harvest" is the day the last mature marijuana plant in the harvest lot was cut, picked or removed from the soil or other growing media.
(14) "Financial consideration" means value that is given or received either directly or indirectly through sales, barter, trade, fees, charges, dues, contributions or donations.

(15) "Financial interest" means having an interest in the business such that the performance of the business causes, or is capable of causing, an individual or a legal entity with which the individual is affiliated, to benefit or suffer financially, and such interests include but are not limited to:
(a) Receiving, as an employee or agent, out-of-the-ordinary compensation, either in the form of over-compensation or under compensation;
(b) Lending money, real property or personal property to an applicant or licensee for use in the business at a commercially unreasonable rate;
(c) Giving money, real property or personal property to an applicant or licensee for use in the business; or
(d) Being the spouse or domestic partner of an applicant or licensee. For purposes of this subsection, "domestic partners" includes adults who qualify for a "domestic partnership" as defined under ORS 106.310.
(16)"Harvest lot" means marijuana that is uniform in strain, cultivated utilizing the same growing practices and harvested at the same time.
(17) "Immature marijuana plant" means a marijuana plant that is not flowering.
(18) "Intended for human consumption" means intended for a human to eat, drink, or otherwise put in the mouth but does not mean intended for human inhalation.
(19) "Laboratory" means a laboratory certified by the Authority under ORS 438.605 to 438.620 and authorized to test marijuana items for purposes specified in these rules.
(20) "Licensee" means any person who holds a license issued under section 19, 20, 21 or 22, chapter 1, Oregon Laws 2015.
(21) "License holder" includes:
(a) Each applicant listed on an application that the commission has approved;
(b) Each individual who meets the qualification described in OAR 845-025-1045 and who the commission has added to the license under OAR 845-025-1030; or
(c) Each individual who has a financial interest in the licensed business and who the commission has added to the license under OAR 845-025-1030.
(22) "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.
(23) "Limited access area" means a building, room, or other contiguous area on a licensed premises where a marijuana item is produced, processed, stored, weighed, packaged, labeled, or sold, but does not include a point of sale area on a licensed retailer premises.
(24)(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 industrial hemp, as defined in ORS 571.300.
(25) "Marijuana flowers" means the flowers of the plant genus Cannabis within the plant family Cannabaceae.
(26) "Marijuana items" means marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts.
(27) "Marijuana leaves" means the leaves of the plant genus Cannabis within the plant family Cannabaceae.
(28) "Marijuana processor" means a person who processes marijuana items in this state.
(29) "Marijuana producer" means a person who produces marijuana in this state.
(30) "Marijuana retailer" means a person who sells marijuana items to a consumer in this state.

(31) "Marijuana wholesaler" means a person who purchases marijuana items in this state for resale to a person other than a consumer.
(32) "Mature marijuana plant" means a marijuana plant that is not an immature marijuana plant.
(33) "Minor" means any person under 21 years of age.
(34) "Non-Toxic" means not causing illness, disability or death to persons who are exposed.
(35) "Permittee" means any person who holds a Marijuana Handlers Permit.
(36) "Person" has the meaning given that term in ORS 174.100.
(37) "Premises" or "licensed premises" includes the following areas of a location licensed under section 19, 20, 21 or 22, chapter 1, Oregon Laws 2015:
(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 production, 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, the entire lot or parcel, as defined in ORS 92.010, that the licensee owns, leases or has a right to occupy.
(b) "Premises" or "licensed premises" does not include a primary residence.
(38) "Primary Residence" means real property inhabited for the majority of a calendar year by an owner, renter or tenant, including manufactured homes and vehicles used as domiciles.
(39)(a) "Processor" means the processing, compounding or conversion of marijuana into cannabinoid products, cannabinoid concentrates or cannabinoid extracts;
(b) "Processes" does not include packaging or labeling.
(40) "Process lot" means:
(a) Any amount of cannabinoid concentrate or extract of the same type and processed at the same time using the same extraction methods, standard operating procedures and batches from the same harvest lot; or
(b) Any amount of cannabinoid products of the same type and processed at the same time using the same ingredients, standard operating procedures and batches from the same harvest lot or process lots of cannabinoid concentrate or extract.
(41) "Producer" means a marijuana producer licensed by the Commission.
(42)(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.
(43) "Propagate" means to grow immature marijuana plants or to breed or produce the seeds of the plant Cannabis family Cannabaceae.
(44) "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.

(45) "Regulatory specialist" means a full-time employee of the commission who is authorized to act as an agent of the commission in conducting inspections or investigations, making arrests and seizures, aiding in prosecutions for offenses, issuing citations for violations and otherwise enforcing chapter 471, ORS 474.005 to 474.095 and 474.115, commission rules and any other statutes the commission considers related to regulating liquor or marijuana.
(46) "Retailer" means a marijuana retailer licensed by the Commission.
(47) "Safe" means:
(a) A metal receptacle with a locking mechanism capable of storing all marijuana items on a licensed premises that:
(A) Is rendered immobile by being securely anchored to a permanent structure of an enclosed area; or
(B) Weighs more than 750 pounds.
(b) A "vault"; or
(c) A refrigerator or freezer capable of being locked for storing marijuana items that require cold storage that:
(A) Is rendered immobile by being securely anchored to a permanent structure of an enclosed area; or
(B) Weighs more than 750 pounds.
(48)"Shipping Container" means any container or wrapping used solely for the transport of a marijuana items in bulk to a marijuana licensee as permitted in these rules.
(49) "These rules" means OAR 845-025-1000 to 845-025-8590.
(50) "UID" means unique identification.
(51)(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.
(52) "Vault" means an enclosed area or room that is constructed of steel-reinforced or block concrete and has a door that contains a multiple-position combination lock or the equivalent, a relocking device or equivalent, and a steel plate with a thickness of at least one-half inch.
(53) "Wholesaler" means a marijuana wholesaler licensed by the Commission.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 5, Chapter 614, Oregon Laws 2015

845-025-1030
Application Process

(1) On or after 8:30 a.m. Pacific Time January 4, 2016, a person may submit an application to the Commission, on a form prescribed by the Commission, for a marijuana producer, processor, wholesaler, retail, or laboratory license.
(2) An application for a license and all documentation required in the application instructions and in section (4) of this rule must be submitted electronically, via the Commission's website. The application fee specified in OAR 845-025-1060 must also be paid through the Commission's on-line payment system at the time of application.

(3) An application must include the names and other required information for all individuals who are applicants as described in OAR 845-025-1045 and who are not applicants but who have a "financial interest" in the business, as defined in OAR 845-025-1015.
(4) In addition to submitting the application form the following must be submitted:
(a) For an individual listed as an applicant:

(A) Information or fingerprints for a criminal background check in accordance with OAR 845-025-1080;

(B) An Individual History Form and any information identified in the form that is required to be submitted; and

(C) Proof of residency documented by providing:

(i) Oregon full-year resident tax returns for the last two years; or

(ii) Utility bills, rental receipts, mortgage statements or similar documents that contain the name and address of the applicant dated at least two years prior to the date of application and from the most recent month.

(b) For an individual listed as a person with a financial interest:

(A) Information or fingerprints for a criminal background check in accordance with OAR 845-025-1080;

(B) An Individual History Form and any information identified in the form that is required to be submitted; and

(c) A map or sketch of the premises proposed for licensure, including the defined boundaries of the premises and the location of any primary residence located on the same tax lot or parcel as the licensed premises;
(d) A floor or plot plan sketch of all enclosed areas with clear identification of walls, partitions, counters, windows, all areas of ingress and egress, and all limited access areas;
(e) Proof of lawful possession of the premises proposed for licensure;
(f) An operating plan that demonstrates at a minimum, how the applicant's proposed premises and business will comply with the applicable laws and rules regarding:

(A) Security;

(B) Employee qualifications and training;

(C) Transportation of product;

(D) Preventing minors from entering the licensed premises; and

(E) Preventing minors from obtaining or attempting to obtain marijuana items.

(g) For producers:

(A) The proposed canopy size and tier as described in OAR 845-025-2040 and a designation of the canopy area within the license premises.

(B) A report describing the applicant's electrical and water usage, on a form prescribed by the Commission. The report must describe the estimated water usage taking into account all portions of the premises and expected requirements of the operation.

(C) A description of the growing operation including growing media, a description of equipment to be used in the production, and whether production will be indoor, outdoor or both.

(D) A water right permit or certificate number; a statement that water is supplied from a public or private water provider, along with the name and contact information of the water provider; or proof from the Oregon Water Resources Department that the water to be used for production is from a source that does not require a water right.

(h) For processors:

(A) On a form prescribed by the Commission, the proposed endorsements as described in OAR 845-025-3210.

(B) A description of the type of products to be processed, a description of equipment to be used, including any solvents, gases, chemicals or other compounds used to create extracts or concentrates.

(5) The Commission must review an application to determine if it is complete. An application will be considered incomplete if an application form is not complete, the full application fee has not been paid, or some or all of the additional information required under section (4) of this rule is not submitted.

(6) An applicant may submit a written request for reconsideration of a decision that an application is incomplete. Such a request must be received by the Commission within ten days of the date the incomplete notice was mailed to the applicant. The Commission shall give the applicants the opportunity to be heard if an application is rejected. A hearing under this subsection is not subject to the requirements for contested case proceedings under ORS 183.310 to 183.550.

(7) If, prior to an application being acted upon by the commission, there is a change with regard to who is an applicant or who is a person with a financial interest in the proposed business, the new applicant or person with a financial interest must submit a form, prescribed by the commission, that:

(a) Identifies the individual or person;

(b) Describes the individual's or person's financial interest in the business proposed for licensure; and

(c) Includes any additional information required by the commission, including but not limited to information and fingerprints required for a criminal background check.

(8) Failure to comply with subsection (6) of this rule may result in an application being denied.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 7, 8, 11 and 12, Chapter 614, Oregon Laws 2015

845-025-1045
Qualifications of an Applicant

(1) The following are considered applicants for purposes of these rules:

(a) Any individual that has a financial interest in the business for which licensure is sought and who is directly involved in controlling the ordinary course of business for the business that is proposed to be licensed; and

(b) Any legal entity that has a financial interest in the business for which licensure is sought and is directly involved in controlling the ordinary course of business for the business that is proposed to be licensed;

(2) If an applicant is an individual the individual must also:

(a) Be at least 21 years of age; and

(b) Until January 1, 2020, have been a resident of Oregon for at least two consecutive years prior to the date the initial or renewal application was submitted.

(3) If a legal entity is designated as an applicant, the following individuals must also be listed as applicants on an application:
(a) All partners in a limited partnership;
(b) All members of a limited liability company; and
(c) All directors and principal officers of a corporate entity.
(4) At least one applicant or the sum of applicants listed on a license application must be a legitimate owner of the business proposed to be licensed or subject to renewal.
(5) An individual or legal entity will not be considered by the Commission to be directly involved in the ordinary course of business for the business proposed to be licensed solely by virtue of:
(a) Being a shareholder, director, member or limited partner;
(b) Being an employee or independent contractor;
(c) Participating in matters that are not in the ordinary course of business such as amending organizational documents of the business entity, making distributions, changing the entity's corporate structure, or approving transactions outside of the ordinary course of business as specified in the entity's organizational documents.
(6) An individual applicant or applicant legal entity will be considered by the Commission to be a legitimate owner of the business if:
(a) The individual applicant or legal entity applicant owns at least 51% of the business proposed to be licensed; or
(b) One or more individual applicants or applicant legal entities in sum own at least 51% of the business proposed to be licensed.
(7) The following factors, in and of themselves, do not constitute ownership:
(a) Preferential rights to distributions based on return of capital contribution;
(b) Options to purchase an ownership interest that may be exercised in the future;
(c) Convertible promissory notes; or
(d) Security interests in an ownership interest.
(8) For purposes of this rule "ownership" means direct or indirect ownership of the shares, membership interests, or other ownership interests of the business proposed to be licensed.
(9) The Commission may consider factors other than those listed in this rule when determining whether an individual or legal entity is directly involved in the operation or management of the business proposed to be licensed or licensed, or is a legitimate owner.
(10) An individual listed as an applicant on an initial or renewal application, or identified by the commission as an applicant must maintain Oregon residency while the business is licensed.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 8, 12, 14, 15, and 16, Chapter 614, Oregon Laws 2015

845-025-1060
Fees

(1) At the time of initial license or certificate application an applicant must pay a $250 non-refundable application fee.
(2) If the commission approves an application and grants an annual license, the following fees must be paid, prorated for an initial license that is issued for six months or less:
(a) Producers:
    (A) Tier I $3750
    (B) Tier II $5750
(b) Processors: $4750
(c) Wholesalers: $4750
(d) Retailers: $4750
(e) Laboratories: $4750
(3) At the time of license or certificate application renewal an applicant must pay a $250 non-refundable application fee. If the commission approves an application and grants a research certificate, the fee shall be $4750 for a three year term.
(4) If the commission approves a renewal application the renewal license or certificate fees must be paid in the amounts specified in subsection (2) of this rule.
(5) If the commission approves an initial or renewal application and grants a marijuana handler permit the individual must pay a $100 permit fee.
(6) The Commission shall charge the following fees:
(a) Criminal background checks: $50 per individual (if the background check is not part of an initial or renewal application)
(b) Change of ownership review: $1000 per license
(c) Change in business structure review: $1000 per license
(d) Transfer of location of premises review: $1000 per license
(e) Packaging preapproval: $100
(f) Labeling preapproval: $100

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 2, 12, 14, 15, 16, 20, 93, 102 and 104, Chapter 614, Oregon Laws 2015

845-025-1070
Late Renewal Fees

(1) If the Commission receives a completed license, permit or certificate renewal application less than 20 days before the date the existing license, permit or certificate expires, the Commission will charge a late renewal fee of $150 for licenses and certificates and $50 for marijuana handler permits.
(2) If the Commission receives a completed license, permit or certificate renewal application within 30 days after the date the existing license, permit or certificate expires, the Commission will charge a late renewal fee equal to $300 for licenses and certificates and $100 for marijuana handler permits.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 2, Chapter 614, Oregon Laws 2015

845-025-1080
Criminal Background Checks

(1) If an individual is required by the Commission to undergo a criminal background check, the individual must provide to the Commission:
(a) A criminal background check request form, prescribed by the Commission that includes but is not limited to:
(A) First, middle and last name;
(B) Any aliases;
(C) Date of birth;
(D) Driver's license information; and
(E) Address and recent residency information.
(b) Fingerprints in accordance with the instructions on the Commission's webpage.
(2) The Commission may request that an applicant disclose his or her Social Security Number if notice is provided that:
(a) Indicates the disclosure of the Social Security Number is voluntary; and
(b) That the Commission requests the Social Security Number solely for the purpose of positively identifying the applicant during the criminal records check process.
(3) An applicant's criminal history must be evaluated by the Commission in accordance with ORS 670.280 and section 29(2) and (3), chapter 1, Oregon Laws 2015.
(4) The Commission may conduct a criminal background checks in accordance with this rule every year at the time of application renewal.
(5) Records concerning criminal background checks must be kept and handled by the Commission in accordance with ORS 181.534(15).

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 10, Chapter 614, Oregon Laws 2015

845-025-1090
Application Review

(1) Once the Commission has determined that an application is complete it must review the application to determine compliance with chapter 1, Oregon Laws 2015, chapter 614, Oregon Laws 2015, and these rules.
(2) The Commission:
(a) Must, prior to acting on an application, request a land use compatibility statement from the city or county that authorizes land use in the city or county in which the applicant's proposed premises is located or request verification that a land use compatibility statement submitted by an applicant is valid and accurate
(b) May, in its discretion, prior to acting on an application:
(a) Contact any applicant or individual with a financial interest and request additional documentation or information; and
(b) Verify any information submitted by the applicant.

(3) The Commission must inspect the proposed premises prior to issuing a license.
(4) If, during an inspection the Commission determines the applicant is not in compliance with these rules, the applicant will be provided with a notice of the failed inspection and the requirements that have not been met.
(a) An applicant that fails an inspection will have 15 calendar days from the date the notice was sent to submit a written response that demonstrates the deficiencies have been corrected.
(b) An applicant may request in writing one extension of the 15 day time limit in subsection (a) of this section, not to exceed 30 days.
(5) If an applicant does not submit a timely plan of correction or if the plan of correction does not correct the deficiencies in a manner that would bring the applicant into compliance, the Commission may deny the application.
(6) If the plan of correction appears, on its face, to correct the deficiencies, the Commission will schedule another inspection.
(7) If an applicant fails a second inspection the Commission may deny the application unless the applicant shows good cause for the Commission to perform additional inspections.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 8, 30 and 34, Chapter 614, Oregon Laws 2015

845-025-1100
Approval of Application and Issuance of License

(1) If, after the application review and inspection the Commission determines that an applicant is in compliance with section 3 to 70, chapter 1, Oregon Laws 2015, chapter 614, Oregon Laws 2015, and these rules the Commission must notify the applicant in writing that the application has been approved and after payment by the applicant of the license fee, provide the applicant with proof of licensure that includes a unique license number, the effective date of the license, date of expiration, and a description of premises for which the license was issued.
(2) A licensee:
(a) May not operate until on or after the effective date of the license.
(b) Must display proof of licensure in a prominent place on the premises.
(c) May not use the Commission name or logo on any signs at the premises, on the business' website, or in any advertising or social media, except to the extent that information is contained on the proof of licensure.
(3) Licensure is only valid for the premises indicated on the license and is only issued to the individuals or entities listed on the application or subsequently approved by the Commission.
(4) A license may not be transferred except as provided in OAR 845-025-1160.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 5, Chapter 614, Oregon Laws 2015

845-025-1115
Denial of Application

(1) The Commission must deny an initial or renewal application if:
(a) An applicant is under the age of 21 or until January 1, 2020, has not been a resident or Oregon for at least two years. If the Commission determines that an applicant is a non-resident the Commission will hold that application under review until 30 days after the 2016 Oregon Legislature adjourns.
(b) The applicant's land use compatibility statement shows that the proposed land use is prohibited in the applicable zone.
(c) The proposed licensed premises is located:
(A) On federal property.
(B) At the same physical location or address as a:
(i) Medical marijuana grow site registered under ORS 475.304, unless the grow site is also licensed under section 116, chapter 614, Oregon laws 2015;
(ii) Medical marijuana processing site registered under section 85, chapter 614, Oregon Laws 2015; or
(iii) Medical marijuana dispensary registered under ORS 475.314.
(C) At the same physical location or address as a liquor licensee licensed under ORS Chapter 471 or as a retail liquor agent appointed by the Commission.
(d) The proposed licensed premises of a producer applicant is:
(A) On public land; or
(B) On the same tax lot or parcel as another producer licensee under common ownership.
(e) The proposed licensed premises of a processor who has applied for an endorsement to process extracts is located in an area that is zoned exclusively for residential use.
(f) The proposed licensed premises of a retail applicant is located:
(A) Within 1,000 feet of:
(i) A public elementary or secondary school for which attendance is compulsory under ORS 339.020; or
(ii) A private or parochial elementary or secondary school, teaching children as described in ORS 339.030.
(B) In an area that is zoned exclusively for residential use.
(g) The proposed licensed premises of a wholesaler applicant is in an area zoned exclusively for residential use.
(h) A city or county has prohibited the license type for which the applicant is applying, in accordance with sections 133 or 134, chapter 614, Oregon Laws 2015.
(2) The Commission may deny an initial or renewal application, unless the applicant shows good cause to overcome the denial criteria, if it has reasonable cause to believe that:
(a) 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) Is not of good repute and moral character.

(E) Does not have a good record of compliance with sections 3 to 70, chapter 1, Oregon Laws 2015, chapter 614, Oregon Laws 2015, or these rules, prior to or after licensure including but not limited to:

(i) The giving away of marijuana items as a prize, premium or consideration for a lottery, contest, game of chance or skill, or competition of any kind, in violation of section 49, chapter 614, Oregon Laws 2015;

(ii) Providing marijuana items to an individual without checking that the individual is 21 or older;

(iii) Unlicensed transfer of marijuana items for financial consideration; or

(iv) Violations of local ordinances adopted under section 33, chapter 614, Oregon Laws 2015, pending or adjudicated by the local government that adopted the ordinance.

(F) Is not possessed of or has not demonstrated financial responsibility sufficient to adequately meet the requirements of the business proposed to be licensed.

(G) Is unable to understand the laws of this state relating to marijuana or these rules, including but not limited to ORS 475.300 to 475.346 and sections 91 to 99, chapter 614, Oregon Laws 2015. Inability to understand laws and rules of this state related to marijuana may be demonstrated by violations documented by the Oregon Health Authority.

(b) That any individual listed on the application has been convicted of violating a general or local law of this state or another state, or of violating a federal law, if the conviction is substantially related to the fitness and ability of the applicant to lawfully carry out activities under the license, except as specified in Section 29(3), chapter 1, Oregon Laws 2015.

(c) Any applicant is not the legitimate owner of the business proposed to be licensed, or other persons have an ownership interest in the business have not been disclosed to the commission.

(3) The commission may refuse to issue a license to any license applicant or refuse to renew the license of any licensee, when conditions exist in relation to any person having a financial interest in the business or in the place of business which would constitute grounds for refusing to issue a license or for revocation or suspension of a license if such person were the license applicant or licensee. However, in cases where the financial interest is held by a corporation, only the officers and directors of the corporation, any individual or combination of individuals who own a controlling financial interest in the business shall be considered persons having a financial interest within the meaning of this subsection.

(4) The Commission will not deny an application under subsections (1)(c)(B) of this rule if the applicant surrenders the registration issued by the Authority prior to being issued an OLCC license.

(5) If the Commission denies an application because an applicant submitted false or misleading information to the Commission, the Commission may prohibit the applicant from re-applying for 5 years.

(6) A notice of denial must be issued in accordance with ORS 183.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 7, 8, 12, 14, 15, 16, 34, 133 and 134, Chapter 614, Oregon Laws 2015

845-025-1130
Withdrawal of Application

An applicant may withdraw an initial or renewal application at any time prior to the Commission acting on the application unless the Commission has determined that the applicant submitted false or misleading information in which case the Commission may refuse to accept the withdrawal and may issue a notice of proposed denial in accordance with OAR 845-025-1115.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 8, Chapter 614, Oregon Laws 2015

845-025-1145
Communication With Commission

(1) If an applicant or licensee is required to or elects to submit anything in writing to the Commission, unless there is a more specific rule that states otherwise, the applicant or licensee may submit the writing to the Commission via:
(a) Mail;
(b) In-person delivery;
(c) Facsimile; or
(d) E-mail.
(2) If a written notification must be submitted by a particular deadline it must be received, regardless of the method used to submit the writing, by 5:00 p.m. Pacific Time.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 2, Chapter 614, Oregon Laws 2015

845-025-1160
Notification of Changes

(1) An applicant or licensee must notify the Commission in writing within 10 calendar days of any of the following:
(a) A change in any contact information for anyone listed in an application or subsequently identified as an applicant or an individual with a financial interest;
(b) The Arrest or conviction for any misdemeanor or felony of an individual listed in an application or subsequently identified as an applicant, licensee or individual with a financial interest
(c) A disciplinary proceeding or licensing enforcement action by another governmental entity that may affect the licensee's business;
(d) The filing of bankruptcy;
(e) The closure of bank accounts or credit cards by a financial institution;
()
(f) The temporary closure of the business for longer than 30 days; or
(g) The permanent closure of the business.
(2) A licensee must notify the Commission as soon as reasonably practical and in no case more than 24 hours from the theft of marijuana items or money from the licensed premises.

(3) **Changes in Financial Interest or Business Structure**. A licensee that proposes to change its corporate structure, ownership structure or change who has a financial interest in the business must submit a form prescribed by the Commission, and any information identified in the form to be submitted, to the Commission, prior to making such a change.
(a) The Commission must review the form and other information submitted under subsection (1) of this rule, and will approve the change if the change would not result in an initial or renewal application denial under OAR 845-025-1115, or serve as the basis of a license suspension or revocation.
(b) If the Commission denies the change but the licensee proceeds with the change the licensee must surrender the license or the Commission will propose to suspend or cancel the license.
(c) The Commission will not accept a form for a change in corporate structure or financial interest if the license is expiring in less than 90 days or if the licensee is under investigation by the Commission or has been issued a Notice by the Commission following an alleged violation and the alleged violation has not been resolved.
(d) If a licensee has a change in ownership that is 51% or greater, a new application must be submitted in accordance with OAR 845-025-1030.
(4) **Change of Location**. A licensee who wishes to change the location of the licensed premises must submit an application form and the fee specified in OAR 845-025-1060 but does not need to submit information and fingerprints required for a criminal background check, or individual history forms if there are no changes to the individuals listed on the initial application.
(a) A licensee must submit an operating plan as described in OAR 845-025-1030 if the business operations will change at the proposed new location.
(b) The commission must approve any change of location prior to licensee beginning business operations in the new location.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 5 and 8, Chapter 614, Oregon Laws 2015

845-025-1175
Changing, Altering, or Modifying Licensed Premises

(1) A licensee may not make any physical changes to the licensed premises that materially or substantially alters the licensed premises or the usage of the licensed premises from the plans originally approved by the Commission, without the Commission's prior written approval.
(2) A licensee who intends to make any material or substantial changes to the licensed premises must submit a form prescribed by the Commission, and submit any information identified in the form to be submitted, to the Commission, prior to making any such changes.
(3) The Commission must review the form and other information submitted under subsection (2) of this rule, and will approve the changes if the changes would not result in an initial or renewal application denial under OAR 845-025-1115.
(4) If the Commission denies the change the licensee must not make the proposed changes. If the licensee makes the proposed changes, the licensee must surrender the license or the Commission will propose to suspend or cancel the license.

(5) For purposes of this rule a material or substantial change requiring approval includes, but is not limited to:
(a) Any increase or decrease in the total physical size or capacity of the licensed premises;
(b) The sealing off, creation of or relocation of a common entryway, doorway, passage or other such means of public ingress or egress, when such common entryway, doorway or passage alters or changes limited access areas, such as the areas in which cultivation, harvesting, processing, or sale of marijuana items occurs within the licensed premises; or
(c) Any physical change that would require the installation of additional video surveillance cameras or a change in the security system.
(d) Any addition or change of location of a primary residence located on the same tax lot or parcel as a licensed premises.
Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015

845-025-1190
License Renewal

(1) Renewal Applications:
(a) Any licensee who files a completed renewal application with the Commission at least 20 days before the date the license expires may continue to operate as if the license were renewed, pending a decision by the Commission;
(b) Any licensee who does not file a completed renewal application at least 20 days before the existing license expires must stop engaging in any licensed activity when the license expires. However:

(A) If the Commission receives a completed license renewal application less than 20 days before the date the existing license expires, the Commission will, upon receipt of the appropriate late renewal fee in OAR 845-025-1070, issue a letter of authority to operate beyond the expiration of the license, pending a decision by the Commission;

(B) A licensee must not engage in any licensed activity after the license expires. If the Commission receives a completed license renewal application within 30 days after the date the existing license expires, the Commission will, upon receipt of the appropriate late renewal fee in OAR 845-025-1070, issue a letter of authority to resume operation, pending a decision by the Commission.
(c) The Commission will not renew a license if the Commission receives the renewal application more than 30 days after the license expires. A person who wants to resume licensed activity in this circumstance:

(A) Must submit a completed new application, including the documents and information required by the Commission.

(B) Must not engage in any licensed activity unless and until they receive authority to operate from the Commission after submitting the completed new application.
(d) A person relicensed under section (1)(c) of this rule who engaged in any activity that would require a license while not licensed, in violation of section (1)(b)(B) of this rule, may be subject to administrative and criminal sanctions.
(e) A person who engages in any activity that requires a license but is not licensed may be subject to criminal prosecution.

(f) For purposes of this rule, a completed application:

(A) Is considered filed when received by the Commission; and

(B) Is one that is completely filled out, is signed by all applicants and includes the appropriate fee.

Stat. Auth.: Sections 2, 12, 14, 15, 16 and 93, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 7, Chapter 614, Oregon Laws 2015

845-025-1200
Financial and Business Records

In addition to any other record keeping requirements in these rules a marijuana licensee must have and maintain records that clearly reflect all financial transactions and the financial condition of the business. The following records must be kept and maintained for a three-year period and must be made available for inspection if requested by an employee of the Commission:
(1) Purchase invoices and supporting documents for items and services purchased for use in the production, processing, research, testing and sale of marijuana items that include from whom the items were purchased, and the date of purchase.
(2) Bank statements for any accounts relating to the licensed business;
(3) Accounting and tax records related to the licensed business.
(4) Documentation of all financial transactions related to the licensed business, including contracts and agreements for services performed or received that relate to the licensed business.
(5) All employee records, including training.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.
Stats. Implemented: Section 46, Chapter 614, Oregon Laws 2015.

845-025-1215
Standardized Scales

A licensee must use an Oregon Department of Agriculture licensed weighing device of appropriate size and capacity as defined in ORS Chapter 618 and OAR 603, Division 27:
(1) Whenever marijuana items are bought and sold by weight;
(2) Whenever marijuana items are packaged for sale by weight; and
(3) Whenever marijuana items are weighed for entry into CTS.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.
Stats. Implemented: Sections 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

845-025-1230
Licensed Premises Restrictions and Requirements

(1) A licensed premises may not be located:
(a) On federal property.
(b) At the same physical location or address as a:
(A) Medical marijuana grow site registered under ORS 475.304, unless the grow site is also licensed under section 116, chapter 614, Oregon laws 2015;
(B) Medical marijuana processing site registered under section 85, chapter 614, Oregon Laws 2015; or
(C) Medical marijuana dispensary registered under ORS 475.314.
(D) Liquor licensee licensed under ORS Chapter 471 or as a retail liquor agent appointed by the Commission.
(2) The licensed premises of a producer applicant may not be on:
(a) Public land.
(b) The same tax lot or parcel as another producer licensee under common ownership.
(3) The licensed premises of a retailer may not be located:
(a) Within 1,000 feet of:
(A) A public elementary or secondary school for which attendance is compulsory under ORS 339.020; or
(B) A private or parochial elementary or secondary school, teaching children as described in ORS 339.030.
(b) In an area that is zoned exclusively for residential use.
(c) The licensed premises of a processor who has an endorsement to process extracts may not be located in an area that is zoned exclusively for residential use.
(4) The licensed premises of a processor, wholesaler, laboratory and retailer must be enclosed on all sides by permanent walls and doors.
(5) A licensee may not permit:
(a) Any minor on a licensed premises except as described in section (6) and (7) of this rule;
(b) On-site consumption of a marijuana item, alcohol, or other intoxicant by any individual, except that an employee who has a current registry identification card issued under ORS 475.309 may consume marijuana during his or her work shift on the licensed premises as necessary for his or her medical condition, if the employee is alone, in a closed room and not visible to others outside the room. An employee who consumes a marijuana item as permitted under this subsection may not be intoxicated while on duty.
(6) Notwithstanding section (5)(a) of this rule, a minor, other than a licensee's employee, who has a legitimate business purpose for being on the licensed premises, may be on the premises for a limited period of time in order to accomplish the legitimate business purpose. For example, a minor plumber may be on the premises in order to make a repair.
(7) Notwithstanding section (5)(a) of this rule, a minor who resides on the tax lot or parcel where a marijuana producer is licensed may be present on those portions of a producer's licensed that do not contain usable marijuana or cut and drying marijuana plants.
(8) A licensee must clearly identify all limited access areas in accordance with OAR 845-025-1245.
(9) A licensee must keep a daily log of all employees, contractors and license representatives who perform work on the licensed premises. All employees, contractors and licensee

representatives must wear clothing or a badge issued by the licensee that easily identifies the individual as an employee, contractor or licensee representative.
(10) The general public is not permitted in limited access areas on a licensed premises, except for the licensed premises of a retailer and as provided by section (13) of this rule. In addition to licensee representatives, the following individuals are permitted to be present in limited access areas on a licensed premises, subject to the requirements in section (11) of this rule:
(a) Laboratory personnel, if the laboratory is licensed by the Commission;
(b) A contractor, vendor or service provider authorized by a licensee representative to be on the licensed premises;
(c) Another licensee or that licensee's representative;
(d) Up to seven invited guests per week subject to requirements of section (11) of this rule; or
(e) Tour groups as permitted under section (13) of this rule.
(11) Prior to entering a licensed premises all visitors permitted by section (10) of this rule must be documented and issued a visitor identification badge from a licensee representative that must remain visible while on the licensed premises. A visitor badge is not required for government officials. All visitors described in subsection (10) of this rule must be accompanied by a licensee representative at all times.
(12) A licensee must maintain a log of all visitor activity. The log must contain the first and last name and date of birth of every visitor and the date they visited.
(13) A marijuana producer or research certificate holder may offer tours of the licensed premises, including limited access areas, to the general public if the licensee submits a control plan in writing and the plan is approved by the Commission.
(a) The plan must describe how conduct of the individuals on the tour will be monitored, how access to usable marijuana will be limited, and what steps the licensee will take to ensure that no minors are permitted on the licensed premises.
(b) The Commission may withdraw approval of the control plan if the Commission finds there is poor compliance with the plan. Poor compliance may be indicated by, for example, individuals on the tour not being adequately supervised, an individual on the tour obtaining a marijuana item while on the tour, a minor being part of a tour, or the tours creating a public nuisance.
(14) Nothing in this rule is intended to prevent or prohibit Commission employees or contractors, or other state or local government officials that have jurisdiction over some aspect of the licensed premises or licensee from being on the licensed premises.
(15) A licensee may not sublet any portion of a licensed premises.
(16) A licensed premises may receive marijuana items only from a marijuana producer, marijuana processor, or marijuana wholesaler for whom a premises has been licensed by the commission.
(17) A licensed wholesaler or retailer who sells or handles food, as that term is defined in ORS 616.695, or cannabinoid edibles must also be licensed by the Oregon Department of Agriculture under ORS 616.706.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.
Stats. Implemented: Sections 52 and 54, Chapter 1, Oregon Laws 2015;
Sections 14, 15, 16, 25 and 35, Chapter 614, Oregon Law 2015.

845-025-1245
Signage

(1) A licensee must post:
(a) At every licensed premises signs that read:
(A) "No Minors Permitted Anywhere on This Premises"; and
(B) "No On-Site Consumption of Marijuana"; and
(b) At all areas of ingress or egress to a limited access area a sign that reads: "Do Not Enter – Limited Access Area – Access Limited to Licensed Personnel and Escorted Visitors."
(2) All signs required by this rule must be:
(a) Legible, not less than 12 inches wide and 12 inches long, composed of letters not less than one-half inch in height;
(b) In English and Spanish; and
(c) Posted in a conspicuous location where the signs can be easily read by individuals on the licenses premises.

Stat. Auth.: 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.
Stats. Implemented: Section 25, Chapter 614, Oregon Laws 2015.

845-025-1260
Standards for Authority to Operate a Licensed Business as a Trustee, a Receiver, a Personal Representative or a Secured Party

(1) The Commission may issue a temporary authority to operate a licensed business to a trustee, the receiver of an insolvent or bankrupt licensed business, the personal representative of a deceased licensee, or a person holding a security interest in the business for a reasonable period of time to allow orderly disposition of the business.
(a) The trustee, receiver or personal representative must provide the Commission with the following information:
(A) Proof that the person is the legal trustee, receiver or personal representative for the business; and
(B) A written request for authority to operate as a trustee, receiver or personal representative, listing the address and telephone number of the trustee, receiver or personal representative.
(b) The secured party must provide the Commission with the following information:
(A) Proof of a security interest in the licensed business;
(B) Proof of the licensee's default on the secured debt;
(C) Proof of legal access to the real property; and
(D) A written request for authority to operate as a secured party listing the secured party's address and telephone number.
(2) The Commission may cancel or refuse to issue or extend authority for the trustee, receiver, personal representative, or secured party to operate:
(a) If the trustee, receiver, personal representative or secured party does not propose to operate the business immediately or does not begin to operate the business immediately upon receiving the temporary authority;
(b) For any of the reasons that the Commission may cancel or refuse to issue or renew a license;

(c) If the trustee, receiver, personal representative or secured party operates the business in violation of chapters 1 and 614, Oregon Laws 2015, or these rules; or
(d) If a reasonable time for disposition of the business has elapsed.
(3) No person or entity described in section (1) of this rule may operate the business until a certificate of authority has been issued under this rule, except that the personal representative of a deceased licensee may operate the business for up to 10 days after the death provided that the personal representative submits the information required in section (1)(a) of this rule and obtains a certificate of authority within that time period.
(4) A certificate of authority under this rule is initially issued for a 60-day period and may be extended as reasonably necessary to allow for the disposition of the business.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015.
Stats. Implemented: Section 25, Chapter 614, Oregon Laws 2015.

845-025-1275
Closure of Business

(1) A license expires upon death of a licensee unless the Commission issues an order as described in subsection (2) of this rule.
(2) The Commission may issue an order providing for the manner and condition under which:
(a) Marijuana items left by a deceased, insolvent or bankrupt person or licensee, or subject to a security interest, may be foreclosed, sold under execution or otherwise disposed.
(b) The business of a deceased, insolvent or bankrupt licensee may be operated for a reasonable period following the death, insolvency or bankruptcy.
(3) A secured party, as defined in ORS 79.0102, may continue to operate a business for which a license has been issued under section 19, 20, 21 or 22, chapter 1, Oregon Laws 2015 for a reasonable period after default on the indebtedness by the debtor.
(4) If a license is canceled the Commission must address in its order the manner and condition under which marijuana items held by the licensee may be transferred or sold.
(5) If a license is surrendered or expires the Commission may address by order the manner and condition under which marijuana items held by the licensee may be transferred or sold.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015.
Stats. Implemented: Section 25, Chapter 614, Oregon Laws 2015.

845-025-1290
Licensee Responsibility

A licensee is responsible for:
(1) The violation of any administrative rule of the Commission, sections 3 to 70, chapter 1, Oregon Laws 2015, chapter 614, Oregon Laws 2015, or chapter 699, Oregon Laws 2015 affecting the licensee's license privileges.
(2) Any act or omission of a licensee representative in violation of any administrative rule of the Commission, sections 3 to 70, chapter 1, Oregon Laws 2015, chapter 614, Oregon Laws 2015, or chapter 699, Oregon Laws 2015 affecting the licensee's license privileges.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 2, Chapter 614, Oregon Laws 2015

845-025-1295
Local Ordinances

The Commission may impose a civil penalty, suspend or cancel any licensee for failure to comply with an ordinance adopted by a city or county pursuant to Section 34, chapter 614, Oregon Laws 2015 if the city or county:

(a) Has provided the licensee with due process substantially similar to the due process provided to a licensee under the Administrative Procedures Act, ORS 183.413 to 183.470; and

(b) Provides the Commission with a final order that is substantially similar to the requirements for a final order under ORS 183.470 that establishes that the licensee has violated the local ordinance.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.
Stats. Implemented: Section 33, Chapter 614, Oregon Laws 2015.

845-025-1300
Licensee Prohibitions

(1) A licensee may not:
(a) Import into this state or export from this state any marijuana items;
(b) Give marijuana items as a prize, premium or consideration for a lottery, contest, game of chance or game of skill, or competition of any kind;
(c) Sell, give or otherwise make available any marijuana items to any person who is visibly intoxicated;
(d) Make false representations or statements to the commission in order to induce or prevent action by the commission;
(e) Maintain a noisy, disorderly or insanitary establishment or supply adulterated marijuana items;
(f) Misrepresent any marijuana item to a customer or to the public;
(g) Sell any marijuana item through a drive-up window;
(h) Deliver marijuana to any consumer off the licensed premises except as permitted by OAR 845-025-2880
(i) Sell or offer to sell a marijuana item that does not comply with the minimum standards prescribed by the statutory laws of this state; or
(j) Use or allow the use of a mark or label on the container of a marijuana item that is kept for sale if the container does not precisely and clearly indicate the nature of the container's contents or in any way might deceive a customer as to the nature, composition, quantity, age or quality of the marijuana item.

(2) No licensee or licensee representative may be under the influence of intoxicants while on duty. Whether a person is paid or scheduled for work is not determinative of whether the person is considered "on duty" under this subsection.
(a) For purposes of this rule "on duty" means:

(A) The beginning of a work shift that involves the handling or sale of marijuana items, checking identification or controlling conduct on the licensed premises, to the end of the shift including coffee and meal breaks;

(B) For an individual working outside a scheduled work shift, the performance of acts on behalf of the licensee that involve the handling or sale of marijuana items, checking identification or controlling conduct on the licensed premises, if the individual has the authority to put himself or herself on duty; or

(C) A work shift that includes supervising those who handle or sell marijuana items, check identification or control the licensed premises.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.
Stats. Implemented: Sections 48, 49, 50, 51, 52 and 53

SECURITY

845-025-1400
Security Plans

(1) A licensee may, in writing, request that the Commission waive one or more of the security requirements described in OAR 845-025-1400 to 845-025-1470 by submitting a security plan for Commission approval. The security plan must include:
(a) The specific rules and subsections of a rule that is requested to be waived;
(b) The reason for the waiver;
(c) A description of an alternative safeguard the licensee can put in place in lieu of the requirement that is the subject of the waiver;
(d) An explanation of how and why the alternative safeguard accomplishes the goals of the security rules, specifically public safety, prevention of diversion, accountability, and prohibiting access to minors.
(2) The Commission may, in its discretion, and on a case by case basis, approve the security plan if it finds:
(a) The reason the licensee is requesting the waiver is because another state or local law prohibits the particular security measure that is required; or
(b) The licensee cannot, for reasons beyond the licensee's control or is cost prohibitive, comply with the particular security measure that is required; and
(c) The alternative safeguard that is proposed meets the goals of the security rules.
(3) The Commission must notify the licensee in writing, whether the security plan has been approved. If the security plan is approved the notice must specifically describe the alternate safeguards that are required and, if the security plan is time limited, must state the time period the security plan is in effect.
(4) The Commission may withdraw approval of the security plan at any time upon a finding that the previously approved alternative measures are not sufficient to accomplish the goals of the security rules. If the Commission withdraws its approval of the security plan the licensee will be given a reasonable period of time to come into compliance with the security requirement that was waived.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.
Stats. Implemented: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

845-025-1410
Security Requirements

(1) A licensee is responsible for the security of all marijuana items on the licensed premises, including providing adequate safeguards against theft or diversion of marijuana items and records that are required to be kept.
(2) The licensee must ensure that commercial grade, non-residential door locks are installed on every external door of a licensed premises where marijuana items are present.

(3) During all hours when the licensee is not operating a licensee must ensure that:
(a) All entrances to and exits from a licensed premises are securely locked and any keys or key codes to the enclosed area remain in the possession of the licensee, licensee representative, or authorized personnel; and
(b) All marijuana items on a licensed retailer's premises are kept in a safe or vault as those terms are defined in OAR 845-025-1015.
(c) All marijuana items on the licensed premises of a licensee other than a retailer are kept in a locked, enclosed area within the licensed premises that is secured with a door that contains a multiple-position combination lock or the equivalent and a relocking device or the equivalent.
(4) A licensee must:
(a) Have an encrypted network infrastructure;
(b) Have an electronic back-up system for all electronic records; and
(c) Keep all video recordings and archived required records not stored electronically in a locked storage area. Current records may be kept in a locked cupboard or desk outside the locked storage area during hours when the licensed business is open.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.
Stats. Implemented: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

845-025-1420
Alarm System

(1) A licensed premises must have a fully operational security alarm system, activated at all times when the licensed premises is closed for business on all:
(a) Entry or exit points to and from the licensed premises; and
(b) Perimeter windows, if applicable.
(2) The security alarm system for the licensed premises must:
(a) Be able to detect movement within any indoor area on the licensed premises;
(b) Be programmed to notify a security company that will notify the licensee, licensee representative or authorized personnel in the event of a breach or if unavailable, law enforcement; and
(c) Have at least two operational "panic buttons" located inside the licensed premises that are linked with the alarm system that immediately notifies a security company and law enforcement.
(3) Upon request licensees shall make all information related to security alarm systems, monitoring and alarm activity available to the commission.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.
Stats. Implemented: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

845-025-1430
Video Surveillance Equipment

(1) A licensed premises must have a fully operational video surveillance recording system.
(2) Video surveillance equipment must, at a minimum:
(a) Consist of:
(A) Digital or network video recorders;
(B) Cameras capable of meeting the requirements of OAR 845-025-1450 and this rule;
(C) Video monitors;
(D) Digital archiving devices; and
(E) A minimum of one monitor on premise capable of viewing video;
(F) A printer capable of producing still photos.
(b) Be equipped with a failure notification system that provides, within one hour, notification to the licensee or an authorized representative of any prolonged surveillance interruption or failure; and
(c) Have sufficient battery backup to support a minimum of one hour of recording time in the event of a power outage.
(3) A licensee's video surveillance system must be capable of recording all pre-determined surveillance areas in any lighting conditions.
(4) All video surveillance equipment and recordings must be stored in a locked secure area that is accessible only to the licensee, licensee representatives, or authorized personnel, and the Commission.
(5) In limited access areas, as that term is defined in OAR 845-025-1015 all cameras shall have minimum resolution of 1280 x 720 px and record at 10 fps (frames per second).
(6) In exterior perimeter and non-limited access area cameras shall have a minimum resolution of 1280 x 720 px and record at least 5 fps, except where coverage overlaps any limited access areas such as entrances or exits and in those overlap areas cameras must record at 10 fps.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.
Stats. Implemented: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

845-025-1440
Required Camera Coverage and Camera Placement

(1) A licensed premises must have camera coverage, as applicable, for:
(a) All limited access areas as that term is defined in OAR 845-025-1015;
(b) All point of sale areas;
(c) All points of entry to or exit from limited access areas; and
(d) All points of entry to or exit from the licensed premises;
(2) A licensee must ensure that cameras are placed so that they capture clear and certain images of any individual and activity occurring:
(a) Within 15 feet both inside and outside of all points of entry to and exit from the licensed premises; and
(b) Anywhere within secure or limited access areas on the licensed premises.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

Stats. Implemented: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

845-025-1450
Video Recording Requirements for Licensed Facilities

(1) A licensee must have cameras that continuously record 24 hours a day all areas with marijuana items on the licensed premise.
(2) A licensee must:
(a) Use cameras that record at a minimum resolution of 1280 x 720 px.
(b) Keep all surveillance recordings for a minimum of 30 calendar days and in a format approved by the Commission that can be easily accessed for viewing and easily reproduced.
(c) Have a surveillance system that has the capability to produce a still photograph from any camera image.
(d) Have the date and time embedded on all surveillance recordings without significantly obscuring the picture.
(e) Archive video recordings in a format that ensures authentication of the recording as a legitimately-captured video and guarantees that no alterations of the recorded image has taken place.
(f) Keep surveillance recordings for periods exceeding 30 days upon request of the Commission and make video surveillance records and recordings available immediately upon request to the Commission for the purpose of ensuring compliance with the Act and these rules.
(g) Immediately notify the Commission of any equipment failure or system outage lasting 30 minutes or more.
(3) Failure to comply with subsections (2)(e) or (f) of this rule is a Category I violation and may result in license revocation.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.
Stats. Implemented: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

845-025-1460
Location and Maintenance of Surveillance Equipment

(1) A licensee must:
(a) Have the surveillance room or surveillance area in a limited access area.
(b) Have the surveillance recording equipment housed in a designated, locked, and secured room or other enclosure with access limited to:
(A) The licensee, licensee representatives, and authorized personnel
(B) Employees of the Commission;
(C) State or local law enforcement agencies for a purpose authorized under the Act, these rules, or for any other state or local law enforcement purpose; and
(D) Service personnel or contractors.
(c) Back-up all required video surveillance recordings off-site and such off-site storage must be secure and the recordings must be easily accessed for viewing and easily reproduced.
(2) A licensee must keep a current list of all authorized employees and service personnel who have access to the surveillance system and room on the licensed premises.

(3) Licensees must keep a surveillance equipment maintenance activity log on the licensed premises to record all service activity including the identity of any individual performing the service, the service date and time and the reason for service to the surveillance system.
(4) Off-site monitoring of the licensed premises by a licensee or an independent third-party is authorized as long as standards exercised at the remote location meet or exceed all standards for on-site monitoring.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.
Stats. Implemented: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

845-025-1470
Producer Security Requirements

(1) In addition to the security requirements in OAR 845-025-1400 to 845-025-1460 a producer must effectively prevent public access and obscure from public view all areas of marijuana production. A producer may satisfy this requirement by:
(a) Submitting a security plan as described in (x-ref);
(b) Fully enclosing indoor production on all sides so that no aspect of the production area is visible from the exterior satisfies; or
(c) Erecting a solid wall or fence on all exposed sides of an outdoor production area that is at least eight (8) feet high.
(2) If a producer chooses to dispose of usable marijuana by any method of composting, as described in OAR 845-025-7750, the producer must prevent public access to the composting area and obscure the area from public view.

Stat. Auth.: Sections 2 and 12, Chapter 614, Oregon Laws 2015.
Stats. Implemented: Sections 2 and 12, Chapter 614, Oregon Laws 2015.

HEALTH AND SAFETY

845-025-1600
State and Local Safety Inspections

(1) All marijuana licensees may be subject to inspection of licensed premises by state or local government officials to determine compliance with state or local health and safety laws.
(2) A licensee must contact any utility provider to ensure that the licensee complies with any local ordinance or utility requirements such as water use, discharge into the sewer system, or electrical use.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.
Stats. Implemented: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

845-025-1620
General Sanitary Requirements

(1) A marijuana licensee must:
(a) Prohibit any individual working on a licensed premises who has or appears to have a communicable disease, open or draining skin lesion infected with Staphylococcus aureus or Streptococcus pyogenes or any illness accompanied by diarrhea or vomiting for whom there is a reasonable possibility of contact with marijuana items from having contact with a marijuana item until the condition is corrected;
(b) Require all persons who work in direct contact with marijuana items conform to hygienic practices while on duty, including but not limited to:
(A) Maintaining adequate personal cleanliness; and
(B) Washing hands thoroughly in an adequate hand-washing area before starting work, prior to having contact with a marijuana item and at any other time when the hands may have become soiled or contaminated;
(c) Provide hand-washing facilities adequate and convenient, furnished with running water at a suitable temperature and provided with effective hand-cleaning and sanitizing preparations and sanitary towel service or suitable drying device;
(d) Properly remove all litter and waste from the licensed premises and maintain the operating systems for waste disposal in an adequate manner so that they do not constitute a source of contamination in areas where marijuana items are exposed;
(e) Provide employees with adequate and readily accessible toilet facilities that are maintained in a sanitary condition and good repair; and
(f) Hold marijuana items that can support pathogenic microorganism growth or toxic formation in a manner that prevents the growth of these pathogenic microorganism or formation toxins.
(2) For purposes of this rule "communicable disease" includes but is not limited to: diphtheria, measles, Salmonella enterica serotype Typhi infection, shigellosis, Shiga-toxigenic Escherichia coli (STEC) infection, hepatitis A, and tuberculosis.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.
Stats. Implemented: Section 51, Chapter 614, Oregon Laws 2015.

RECREATIONAL MARIJUANA PRODUCERS

845-025-2000
Definitions

As used in OAR 845-025-2000 to 845-025-2080:
() "Canopy" means the surface area utilized to produce mature marijuana plants calculated in square feet and measured using the outside boundaries of any area that includes mature marijuana plants including all of the space within the boundaries.
() "Indoor production" means producing marijuana in any manner:
(a) Utilizing artificial lighting on mature marijuana plants; or
(b) Other than "outdoor production" as that is defined in this rule.
() "Outdoor production" means producing marijuana:
(a) In an expanse of open or cleared ground; or
(b) In a greenhouse, hoop house or similar non-rigid structure that does not utilize any artificial lighting on mature marijuana plants, including but not limited to electrical lighting sources.

Stat. Auth.: Sections 2 and 12, Chapter 614, Oregon Laws 2015.
Stats. Implemented: Sections 2 and 12, Chapter 614, Oregon Laws 2015.

845-025-2020
Producer Privileges

(1) A producer may only plant, cultivate, grow, harvest and dry marijuana in the manner approved by the Commission and consistent with the chapter 1, Oregon Laws 2015, chapter 614, Oregon Laws 2015 and these rules.
(2) A producer may engage in indoor or outdoor production of marijuana, or a combination of the two.
(3) A producer may sell or deliver:
(a) Usable marijuana to the licensed premises of a marijuana processor, wholesaler, retailer, laboratory, or research certificate holder;
(b) Dried mature marijuana plants that have been entirely removed from any growing medium to the licensed premises of a marijuana processor or research certificate holder; or
(c) Immature marijuana plants and seeds to the licensed premises of a marijuana producer, wholesaler, retailer or research certificate holder.
(4) A producer may not sell a mature marijuana plant other than as provided in section (3)(b) of this rule.
(5) A producer may provide a sample of usable marijuana to a marijuana wholesaler, retailer or processor licensee for the purpose of the licensee determining whether to purchase the product. The sample product may not be consumed on a licensed premises. Any sample provided to another licensee must be recorded in CTS.

Stat. Auth.: Sections 2 and 12, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 12, Chapter 614, Oregon Laws 2015

845-025-2030
Licensed Premises of Producer

(1) The licensed premises of a producer authorized to cultivate marijuana indoors includes all public and private enclosed areas used in the business operated at the location and any areas outside of a building that the commission has licensed.
(2) The licensed premises of a producer authorized to cultivate marijuana outdoors includes the entire lot or parcel, as defined in ORS 92.010, that the licensee owns, leases or has the right to occupy.
(3) A producer may not engage in any privileges of the license within a primary residence.
(4) The licensed premises of a producer may not be located at the same physical location or address as a marijuana grow site registered under ORS 475.304 unless the producer is also a person responsible for a marijuana grow site and has been issued a license by the Commission in accordance with section 116, chapter 614, Oregon Laws 2014, and OAR 845-025-1100.

Stat. Auth.: Sections 2 and 12, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 12 and 116, Chapter 614, Oregon Laws 2015

845-025-2040
Production Size Limitations

(1) **Cultivation Batches and Cultivate Batch Sizes.**
(a) A producer must establish cultivation batches and assign each cultivation batch a unique identification number.
(b) A cultivation batch may not have more than 100 immature plants.
(c) A producer may have an unlimited number of cultivation batches at any one time.
(2) **Canopy Size Limits.**
(a) Indoor Production.
    (A) Tier I: Up to 5,000 square feet.
    (B) Tier II: 5,001 to 10,000 square feet.
(b) Outdoor production.
    (A) Tier I: Up to 20,000 square feet.
    (B) Tier II: 20,001 to 40,000 square feet.
(c) Mixed production. If a producer intends to have a mixture of indoor and outdoor production the Commission will determine the producer's tiers and canopy sizes by applying the ratio in section (4) of this rule.
(d) For purposes of this section, square footage of canopy space is measured starting from the outer most point of the furthest mature flowering plant in a designated growing space and continuing around the outside of all mature flowering plants located within the designated growing space.
(e) A producer may designate multiple grow canopy areas at a licensed premises but those spaces must be separated by a physical boundary such as an interior wall or by at least 10 feet of open space.

(f) If a local government adopts an ordinance that would permit a producer to have a higher canopy size limit than is permitted under this rule, the local government may petition the Commission for an increase in canopy size limits for that jurisdiction. If the Commission grants such a petition, the Commission may amend this rule in addition to considering changes to the license fee schedule.
(g) On an annual basis, the Commission will evaluate market demand for marijuana items, the number of person applying for producer licenses or licensed as producers and whether the availability of marijuana items in this state is commensurate with the market demand. Following this evaluation the Commission may amend this rule as needed.
(3) **Canopy Size Limit – Designation and Increases.**
(a) A producer must clearly identify designated canopy areas and proposed canopy size in the initial license application. A producer may change a designated canopy area within a production type at any time with prior written notice to Commission, but a producer may only change canopy tiers at the time of renewal in accordance with subsection (b) of this section.
(b) A producer may submit a request to change canopy tiers at the time the producer submits an application for renewal of the license. The Commission will grant a request to increase the canopy tier for the producer's next licensure term if:

(A) The producer's renewal application is otherwise complete;

(B) There are no bases to deny or reject the producer's renewal application;

(C) The producer has not already reached the applicable maximum canopy size set forth in section (2) of this rule; and

(D) During the preceding year of licensure, the producer has not been found to be in violation, and does not have any pending allegations of violations of chapter 1, Oregon Laws 2015, chapter 614, Oregon Laws 2015, or these rules.

(c) The Commission shall give a producer an opportunity to be heard if a request is rejected under this section.
(4) **Mixed cultivation methods.**
(a) A producer may produce marijuana indoor and outdoor at the same time on the same licensed premises. The Commission must be notified of a producer's plan to engage in the indoor and outdoor production of marijuana at the time of initial licensure or at renewal, and not at any other time. A producer who utilizes mixed production may only change designated canopy areas from one production type to another at the time the producer submits a renewal application.
(b) The Commission must approve the canopy size applicable to each method.
(c) The Commission will use a 4:1 ratio, for outdoor and indoor respectively, to allocate canopy size limits under this section, not to exceed the sum canopy size limits set forth in section (2) of this rule. For example, if a Tier II producer in the first year of licensure has 5,000 square feet of indoor canopy space, then the producer may have up to 20,000 square feet of outdoor canopy space at the same time.
(5) **Violations.** An intentional violation of this rule is a Category 1 violation and may result in license revocation. All other violations are Category III violations.

Stat. Auth.: Sections 2, 12 and 13, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 13, Chapter 614, Oregon Laws 2015

845-025-2050
Operating Procedures

(1) A producer must:
(a) Establish written standard operating procedures for the production of marijuana. The standard operating procedures must at a minimum include when, and the manner in which, all pesticide and or other chemicals are to be applied during the production process; and
(b) Maintain a copy of all standard operating procedures on the licensed premises.
(2) If a producer licensee makes a material change to its standard operating procedures it must document the change and revise its standard operating procedures accordingly. Records detailing the material change must be maintained on the licensed premises by the producer licensee.

Stat. Auth.: Sections 2 and 12, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 12, Chapter 614, Oregon Laws 2015

845-025-2060
Start-up Inventory

(1) Marijuana producers may not receive immature marijuana plants or seeds from any source other than from another licensee, except that between January 1, 2016 and December 31, 2016, a marijuana producer may receive immature marijuana plants and seeds from any source within Oregon for up to 90 days following initial licensure by the Commission.
(2) The marijuana producer shall, through CTS, report receipt of the number of immature marijuana plants or seeds received under this section within 48 hours of the plants or seeds arriving at the licensed premises. A producer does not have to document the source of the immature plants or seeds during the 90 day start-up period.
(3) Failure to comply with this rule is a Category I violation and could result in license revocation.

Stat. Auth.: Sections 2 and 12, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 12 and 23, Chapter 614, Oregon Laws 2015

845-025-2070
Pesticides, Fertilizers and Agricultural Chemicals

(1) **Pesticides.** A producer may only use pesticides in accordance with ORS Chapter 634 and OAR 603, Division 57.
(2) **Fertilizers, Soil Amendments, Growing Media.** A producer may only use fertilizer, agricultural amendments, agricultural minerals and lime products in accordance with ORS Chapter 633.
(3) A producer may not treat or otherwise adulterate usable marijuana with any chemical, biologically active drug, plant, substance, including nicotine, or other compound that has the effect or intent of altering the usable marijuana's color, appearance, weight or smell.

(4) In addition to other records required by these rules, a producer must maintain, at all times and on the licensed premises:
(a) The material safety data sheet (MSDS) for all pesticides, fertilizers or other agricultural chemicals used by the producer in the production of marijuana;
(b) The original label or a copy thereof for all pesticides, fertilizers or other agricultural chemicals used by the producer in the production of marijuana, and
(c) A log of all pesticides, fertilizers or other agricultural chemicals used by the producer in the production of marijuana. The log must include:

(A) The information required to be documented by a pesticide operator in ORS 634.146; and

(B) The unique identification tag number of the cultivation batch or individual mature marijuana plant to which the product was applied, or if applied to all plants on the licensed premises a statement to that affect.

(5) A producer may maintain the records required under this rule in electronic or written form. If electronic, a producer shall maintain a backup system or sufficient data storage so that records are retained for no less than two years after harvest of any marijuana on which documented products were used. If written, a producer shall ensure that the records are legible and complete, shall keep them in a safe and secure location, and shall retain the records for no less than two years after harvest of any marijuana on which documented products were used.
(6) A producer must make the records required under this rule immediately available during an premises inspection by a Commission regulatory specialist. If the Commission requests copies of the records at any time other than during a premises inspection, a producer shall produce the records upon request.
(7) A violation of sections (1) to (4) of this rule is a Category 1 violation and could result in license revocation.
(8) A failure to keep complete records as required by this rule is a Category III violation. A failure to keep records on the licensed premises, or failure to timely produce records, is a Category III violation.

Stat. Auth.: Sections 2 and 12, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 12 and 76, Chapter 614, Oregon Laws 2015

845-025-2080
Harvest Lot Segregation

(1) A producer must, within 45 days of harvesting a harvest lot, physically segregate the harvest lot from other harvest lots, place the harvest lot in a receptacle or multiple receptacles and assign a UID tag to each receptacle that is linked to each plant that was harvested.
(2) A producer may not combine harvest lots that are of a different strain, were produced using different growing practices or harvested at a different time.

Stat. Auth.: Sections 2 and 12, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 12 and 23, Chapter 614, Oregon Laws 2015

MEDICAL MARIJUANA OPT-IN

845-025-2400
Medical Marijuana Grow Site Opt-In

(1) For purposes of this rule:
(a) "Grower" means a person responsible for a marijuana grow site as that term is defined in OAR 333-008-0010.
(b) "Grow site" has the meaning given that term in OAR 333-008-0010.
(c) "Patient" has the same meaning given that term in OAR 333-008-0010.
(2) A grower may apply for a Producer license to produce marijuana at the same location as a grow site only if all growers producing marijuana at that address are listed on the application.
(3) In addition to the requirements of OAR 845-025-1030, the applicants must provide proof that each patient for whom the applicants are producing marijuana at the grow site proposed to be licensed has granted permission for the applicants to apply for a license and sell excess usable marijuana and immature plants to licensees of the Commission.
(4) If the Commission approves the application and issues a producer license to the applicants the licensees may not possess more than the amount of usable marijuana or marijuana plants permitted under ORS 475.300 to 475.346 unless the licensed premises ceases to be registered as a grow site with the Oregon Health Authority (OHA).
(5) If the licensed premises ceases to be registered as a grow site with the Oregon Health Authority, the licensee must notify the Commission within 5 days and provide proof that no growers or patients are registered by OHA at the licensed premises.
(6) A licensee licensed under this rule must record in CTS within five days of initial licensure, all mature and immature marijuana plants and usable marijuana on the licensed premises.
(7) A producer, licensed under this rule:
(a) Is subject to these rules with the exception of OAR 845-025-2060;
(b) Must comply with the duties, functions and powers of a grower under ORS 475.300 to 475.346 and any rule adopted thereunder, except that a grower is not subject to OHA's requirements related to the reporting or tracking of mature marijuana plants and usable marijuana;
(c) May sell usable marijuana or immature plants in excess of amounts produced for a patient, to other licensees, in accordance with these rules; and
(d) May, notwithstanding section 6, chapter 614, Oregon Laws 2015, transfer marijuana and usable marijuana to other registrants under ORS 475.300 to 475.346 in accordance with any rules adopted by the OHA.

Stat. Auth.: Section 116, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 116, Chapter 614, Oregon Laws 2015

MARIJUANA RETAILERS

845-025-2800
Retailer Privileges

A retailer is the only licensee that is authorized to sell a marijuana item to a consumer 21 years of age or older.

Stat. Auth.: Sections 2 and 16, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 2 and 16, Chapter 614, Oregon Laws 2015

845-025-2820
Retailer Operational Requirements

(1) A retailer may:
(a) Only receive marijuana items from a producer, wholesaler, processor or laboratory.
(b) Only sell marijuana items to a consumer from the licensed premises, unless sale is made pursuant to a bona fide order as described in OAR 845-025-2880.
(c) Only sell up to the following amounts at any one time to a consumer within one business day:
(A) One ounce of usable marijuana;
(B) 16 ounces of a cannabinoid product in solid form;
(C) 72 ounces of a cannabinoid product in liquid form;
(D) Five grams of cannabinoid extracts or concentrate, whether sold alone or contained in an inhalant delivery system;
(E) Four immature marijuana plants; and
(F) Ten marijuana seeds.
(d) Refuse to sell marijuana items to a consumer.
(e) Only sell to consumers between the hours of 7:00 a.m. and 10 p.m. local time.
(2) A retailer may not:
(a) Provide free samples of a marijuana item to a consumer;
(b) Sell or give away pressurized containers of butane or other materials that could be used in the home production of marijuana extracts.
(c) Require a consumer to purchase other products or services as a condition of purchasing a marijuana item or receiving a discount on a marijuana item.
(d) Sell a marijuana item for less than the cost of acquisition.
(e) Provide coupons or offer discounts, except that uniform volume discounts are permitted.
(f) Permit consumers to be present on the licensed premises or sell to a consumer between the hours of 10:00 p.m. and 7:00 a.m. local time the following day.
(g) Sell any product derived from industrial hemp, as that is defined in ORS 571.300, that is intended for human consumption, ingestion, or inhalation, unless it has been tested, labeled and packaged in accordance with these rules.
(3) A retailer's pricing on marijuana items must remain consistent during each business day.

(4) Prior to completing the sale of a marijuana item to a consumer a retailer must verify that the consumer has a valid, unexpired government-issued photo identification and must verify that the consumer is 21 years of age or older by viewing the consumer's:
(a) Passport;
(b) Driver license, whether issued in this state or by any other state, as long as the license has a picture of the person;
(c) Identification card issued under ORS 807.400;
(d) United States military identification card; or
(e) Any other identification card issued by a state that bears a picture of the person, the name of the person, the person's date of birth and a physical description of the person.
(5) Marijuana items offered for sale by a retailer must be stored in such a manner that the items are only accessible to authorized representatives until such time as the final sale to the consumer is completed.
(6) For purposes of this rule "coupon" means any coupon, ticket, certificate token or any other material that a person may use to obtain a price reduction or rebate in connection with the acquisition or purchase of a marijuana item,

Stat. Auth.: Sections 2 and 16, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 15, Chapter 1, Oregon Laws 2015

845-025-2840
Retailer Premises

(1) The licensed premises of a retailer:
(a) May not be located in an area that is zoned exclusively for residential use.
(b) May not be located within 1,000 feet of:
(A) A public elementary or secondary school for which attendance is compulsory under ORS 339.020; or
(B) A private or parochial elementary or secondary school, teaching children as described in ORS 339.030.
(c) Must be enclosed on all sides by permanent walls and doors.
(2) A retailer must post in a prominent place signs at every:
(a) Point of sale that read:
(A) "No Minors Permitted Anywhere on the Premises"; and
(B) "No On-Site Consumption".
(b) Exit from the licensed premises that reads: "Marijuana or Marijuana Infused Products May Not Be Consumed In Public".
(3) A retailer must designate a consumer sales area on the licensed premises where consumers are permitted. The area shall include the portion of the premises where marijuana items are displayed for sale to the consumer and sold and may include other contiguous areas such as a lobby or a restroom. The consumer sales area is the sole area of the licensed premises where consumers are permitted.
(4) All inventory must be stored on the licensed premises.
(5) For purposes of determining the distance between a retailer and a school referenced in subsection (1)(b) of this rule, "within 1,000 feet" means a straight line measurement in a radius extending for 1,000 feet or less in any direction from the closest point anywhere on the boundary

line of the real property comprising a school to the closest point of the licensed premises of a retailer. If any portion of the licensed premises is within 1,000 feet of a school as described subsection (1)(b) of this rule an applicant will not be licensed.

Stat. Auth.: Sections 2 and 16, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 6 and 16, Chapter 614, Oregon Laws 2015

845-025-2860
Consumer Health and Safety Information

A retailer must:
(1) Post at the point the sale, the following posters prescribed by the Commission, measuring 22 inches high by 17 inches wide that can be downloaded at www.oregon.gov/olcc/marijuana:
(a) A Pregnancy Warning Poster; and
(b) A Poisoning Prevention Poster.
(2) Post at the point of sale a color copy of the "Educate Before You Recreate" flyer measuring 22 inches high by 17 inches wide that can be downloaded at WHATSLEGALOREGON.COM.
(3) Distribute to each individual at the time of sale, a Marijuana Information Card, prescribed by the Commission, measuring 3.5 inches high by 5 inches long that can be downloaded at www.oregon.gov/olcc/marijuana.

Stat. Auth.: Sections 2 and 16, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 2 and 16, Chapter 614, Oregon Laws 2015

845-025-2880
Delivery of Marijuana Items by Retailer

(1) A marijuana retailer may deliver a marijuana item to a residence in Oregon subject to compliance with this rule. For purposes of this rule "residence" means a dwelling such as a house or apartment but does not include a dormitory, hotel, motel, bed and breakfast or similar commercial business.
(2) Delivery Approval Process.
(a) The retailer must request approval from the Commission prior to undertaking delivery service of marijuana items, on a form prescribed by the Commission that includes a statement that the retailer:
(A) Understands and will follow the requirements for delivery listed in this rule; and
(B) Has taken steps to ensure the personal safety of delivery personnel, including providing any necessary training.
(b) The retailer must receive written approval from the Commission prior to making any deliveries.
(c) The Commission may refuse to review any request for approval that is not complete and accompanied by the documents or disclosures required by the form.
(d) If the Commission denies approval the Commission shall give a retailer the opportunity to be heard.
(e) The Commission may withdraw approval for delivery service at any time if the Commission finds that the retailer is not complying with this rule, the personal safety of delivery personnel is

at risk, the retailer's delivery service has been the target of theft, or the delivery service is creating a public safety risk.

(3) Bona Fide Orders.

(a) A bona fide order must be received by an approved retailer from the individual requesting delivery, before 4:00 p.m. on the day the delivery is requested.

(b) The bona fide order must contain:

(A) The individual requestor's name, date of birth, the date delivery is requested and the address of the residence where the individual would like the items delivered;

(B) A document that describes the marijuana items proposed for delivery and the amounts; and

(C) A statement that the marijuana is for personal use and not for the purpose of resale.

(4) Delivery Requirements.

(a) Deliveries must be made before 9:00 p.m. local time and may not be made between the hours of 9:00 p.m. and 8:00 a.m. local time.

(b) The marijuana retailer may only deliver to the individual who placed the bona fide order and only to individuals who are 21 years of age or older.

(c) At the time of delivery the individual performing delivery must check the identification of the individual to whom delivery is being made in order to determine that it is the same individual who submitted the bona fide order, that the individual is 21 years of age or older, and must require the individual to sign a document indicating that the items were received.

(d) A marijuana retailer may not deliver a marijuana item to an individual who is visibly intoxicated at the time of delivery.

(e) Deliveries may not be made more than once per day to the same physical address or to the same individual.

(f) Marijuana items delivered to an individual's residence must:

(A) Comply with the packaging rules in OAR 845-025-7000 to 845-025-7060; and

(B) Be placed in a larger delivery receptacle that has a label that reads: "Contains marijuana: Signature of person 21 years of age or older required for delivery".

(g) A retailer may not carry or transport at any one time more than a total of $100 in retail value worth of marijuana items designated for retail delivery.

(h) All marijuana items must be kept in a lock-box securely affixed inside the delivery vehicle.

(i) A manifest must be created for each delivery or series of deliveries and the individual doing the delivery may not make any unnecessary stops between deliveries or deviate substantially from the manifest route.

(5) Documentation Requirements. A marijuana retailer must document the following regarding deliveries:

(a) The bona fide order and the date and time it was received by the retailer;

(b) The date and time the marijuana items were delivered;

(c) A description of the marijuana items that were delivered, including the weight or volume and price paid by the consumer;

(d) Who delivered the marijuana items; and

(e) The name of the individual to whom the delivery was made and the delivery address.

(6) A retailer is only required to maintain the name of an individual to whom a delivery was made for one year.

(7) Prohibitions. (a)A retailer may deliver marijuana items only to a location within:

(A) The city in which the licensee is licensed, if a licensee is located within a city; or

(B) Unincorporated areas of the county in which the licensee is licensed, if a licensee is located in an unincorporated city or area within the county.
(b) A retailer may not deliver marijuana items to a residence located on publicly owned land.
(8) Sanction. A violation of any section of this rule that is not otherwise specified in OAR 845-025-8590 is a Category III violation.

Stat. Auth.: Sections 2, 6 and 16, chapter 614, Oregon Laws 2015
Stats. Implemented: Section 6, chapter 614, Oregon Laws 2015

845-025-2890
Collection of Taxes

(1) A retailer must collect, at the point of sale, the tax imposed on the consumer under section 2, chapter 699, Oregon Laws 2015, and remit the tax to the Oregon Department of Revenue in accordance Department of Revenue rules.
(2) A violation of this rule is a Category III violation.
(3) An intentional violation of this rule is a Category I violation.

Stat. Auth.: Sections 2 and 16, chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 2 and 16, chapter 614, Oregon Laws 2015

RETAIL MARIJUANA PROCESSORS

845-025-3200
Definitions

For purposes of OAR 845-025-3200 to 845-025-3290:
(1) "Cannabinoid topical" means a cannabinoid product intended to be applied to skin or hair.
(2) "Food" means a raw, cooked, or processed edible substance, or ingredient used or intended for use or for sale in whole or in part for human consumption, or chewing gum.

Stat. Auth.: Sections 2 and 14, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 14, Chapter 614, Oregon Laws 2015

845-025-3210
Endorsements

(1) A marijuana processor may only process and sell cannabinoid products, concentrates or extracts if the processor has received an endorsement from the Commission for that type of processing activity. Endorsements types are:
(a) Cannabinoid edible processor;
(b) Cannabinoid topical processor;
(c) Cannabinoid concentrate processor; and
(d) Cannabinoid extract processor.
(2) An applicant must request an endorsement upon submission of an initial application but may also request an endorsement at any time following licensure.
(3) In order to apply for an endorsement an applicant or processor licensee must submit a form prescribed by the Commission that includes a description of the type of products to be processed, a description of equipment to be used, and any solvents, gases, chemicals or other compounds proposed to be used to create extracts or concentrates.
(4) Only one application and license fee is required regardless of how many endorsements an applicant or licensee requests or at what time the request is made.
(5) An individual processor licensee may hold multiple endorsements.
(6) For the purposes of endorsements any cannabinoid product that is intended to be consumed orally is considered a cannabinoid edible.
(7) If a processor is no longer going to process the product for which the processor is endorsed the processor must notify the Commission in writing and provide the date on which the processing of that product will cease.
(8) The Commission may deny a processor's request for an endorsement if the processor cannot or does not meet the requirements in OAR 845-025-3200 to 845-025-3290 for the endorsement that is requested. If the Commission denies approval the processor has a right to a hearing under the procedures of ORS Chapter 183

Stat. Auth.: Sections 2 and 14, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 14 and 18 Chapter 614, Oregon Laws 2015

845-025-3220
General Processor Requirements

(1) A processor must:
(a) Use equipment, counters and surfaces for processing that are food-grade and do not react adversely with any solvent being used.
(b) Have counters and surface areas that are constructed in a manner that reduce the potential for development of microbials, molds and fungi and that can be easily cleaned.
(c) Maintain the licensed premises in a manner that is free from conditions which may result in contamination and that is suitable to facilitate safe and sanitary operations for product preparation purposes.
(d) Store all marijuana items not in use in a locked area, including products that require refrigeration in accordance with OAR 845-025-1410.
(e) Assign every process lot a unique identification number and enter this information into CTS.
(2) A processor may provide a sample of a cannabinoid product, concentrate or extract to a marijuana wholesaler or retailer for the purpose of the wholesaler or retailer licensee determining whether to purchase the product but the product may not be consumed on a licensed premises. Any sample provided to another licensee must be recorded in CTS.
(3) A processor may not process or sell a marijuana item:
(a) That by its shape and design is likely to appeal to minors, including but not limited to:
(A) Products that are modeled after non-cannabis products primarily consumed by and marketed to children; or
(B) Products in the shape of an animal, vehicle, person or character.
(b) That is made by applying cannabinoid concentrates or extracts to commercially available candy or snack food items.

Stat. Auth.: Sections 2 and 14, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 14, Chapter 614, Oregon Laws 2015

845-025-3230
Processor Policies and Procedures

A processor must create and maintain written, detailed standard policies and procedures that include but are not limited to:
(1) Instructions for making each cannabinoid concentrate, extract or product.
(2) The ingredients and the amount of each ingredient for each process lot;
(3) The process for making each product;
(4) The number of servings in a process lot;
(5) The intended amount of THC per serving of the product.
(6) The process for making each process lot homogenous.
(7) If processing a cannabinoid concentrate or extract:
(a) Conducting necessary safety checks prior to commencing processing;
(b) Purging any solvent or other unwanted components from a cannabinoid concentrate or extract;

(8) Procedures for cleaning all equipment, counters and surfaces thoroughly.
(9) Procedures for preventing growth of pathogenic organisms and toxin formation
(10) Proper handling and storage of any solvent, gas or other chemical used in processing or on the licensed premises in accordance with material safety data sheets and any other applicable laws.
(11) Proper disposal of any waste produced during processing in accordance with all applicable local, state and federal laws, rules and regulations.
(12) Quality control procedures designed to maximize safety and minimize potential product contamination.
(13) Appropriate use of any necessary safety or sanitary equipment.
(14) Emergency procedures to be followed in case of a fire, chemical spill or other emergency.

Stat. Auth.: Sections 2 and 14, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 14, Chapter 614, Oregon Laws 2015

845-025-3240
Processor Training Requirements

(1) A processor must have a comprehensive training program that includes, at a minimum, the following topics:
(a) The standard operating policies and procedures.
(b) The hazards presented by all solvents or other chemicals used in processing and on the licensed premises as described in the material safety data sheet for each solvent or chemical.
(c) Applicable Commission statutes and rules.
(2) At the time of hire and prior to engaging in any processing, and once yearly thereafter, each employee involved in the processing of a cannabinoid concentrate, extract or product must be trained in accordance with the processor's training program.

Stat. Auth.: Sections 2 and 14, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 14, Chapter 614, Oregon Laws 2015

845-025-3250
Cannabinoid Edible Processor Requirements

(1) A cannabinoid edible processor may only process in a food establishment licensed by the Oregon Department of Agriculture (ODA) and must comply with the applicable provisions of OAR 603, Division 21, Division 22, Division 24, Division 25, with the exception of OAR 603-025-0020(17) and Division 28.
(2) A cannabinoid edible processor may not:
(a) Engage in processing in a location that is operating as a restaurant, seasonal temporary restaurant, intermittent temporary restaurant, limited service restaurant, single-event temporary restaurant, commissary, mobile unit, bed or breakfast, or warehouse licensed under ORS 624;
(b) Share a food establishment with a person not licensed and endorsed by the Commission as a cannabinoid edible processor;

(c) Process food intended for commercial sale that does not contain cannabinoids, at the licensed premises; or
(d) Use a cannabinoid concentrate or extract to process food unless that concentrate or extract was made by a processor licensed by the ODA under ORS 616.706.
(3) A cannabinoid edible processor may share a food establishment with another cannabinoid edible processor if:
(a) The schedule, with specific hours and days that each processor will use the food establishment, is prominently posted at the entrance to the food service establishment and has been approved by the Commission:

(A) The schedule must be submitted to the Commission in writing and will be approved if it demonstrates that use of a shared food establishment by multiple cannabinoid edible processors does not create an increased compliance risk.

(B) A processor licensee may only change the schedule with prior written approval from the Commission.

(b) Each licensee designates a separate area to secure, in accordance with OAR 845-025-1410, any marijuana, cannabinoid products, concentrates or extracts that a licensee stores at the food establishment. If a cannabinoid edible processor does not store marijuana, cannabinoid products, concentrates or extracts at the food establishment those items must be stored on a licensed premises.
(4) A food establishment used by a cannabinoid edible processor is considered a licensed premises and must meet the security and other licensed premises requirements in these rules.
(5) A cannabinoid edible processor is strictly liable for any violation found at a shared food establishment during that processor's scheduled time or within that processor's designated area in the food establishment.

Stat. Auth.: Sections 2 and 14, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 14 and 18, Chapter 614, Oregon Laws 2015

845-025-3260
Cannabinoid Concentrate and Extract Processor Requirements

(1) **Cannabinoid Concentrates or Extracts.** A processor with a cannabinoid concentrate or extract endorsement:
(a) May not use Class I solvents as those are classified in the Federal Drug Administration Guidance, Table I, published in the Federal Register on December 24, 1997 (62 FR 67377).
(b) Must:

(A) Only use a hydrocarbon-based solvent that is at least 99 percent purity.

(B) Only use a non-hydrocarbon-based solvent that is food-grade.

(C) Work in an environment with proper ventilation, controlling all sources of ignition where a flammable atmosphere is or may be present.

(D) Use only potable water and ice made from potable water in processing.

(E) If making a concentrate or extract that will be used in a cannabinoid edible, be endorsed as a cannabinoid edible processor and comply with OAR 845-025-3250.

(2) **Cannabinoid Extracts**. A processor with an endorsement to make cannabinoid extracts:
(a) May not use pressurized canned butane.
(b) Must:

(A) Process in a:

(i) Fully enclosed room clearly designated on the current diagram of the licensed premises.

(ii) Spark proof room equipped with evacuation fans and lower explosive limit (LEL) detectors.

(B) Use a commercially manufactured professional grade closed loop extraction system designed to recover the solvents and built to codes of recognized and generally accepted good engineering practices, such as:

(i) The American Society of Mechanical Engineers (ASME);
(ii) American National Standards Institute (ANSI);
(iii) Underwriters Laboratories (UL); or
(iv) The American Society for Testing and Materials (ASTM).

(C) If using CO2 in processing, use a professional grade closed loop CO2 gas extraction system where every vessel is rated to a minimum of nine hundred pounds per square inch.

(D) Have equipment and facilities used in processing approved for use by the local fire code official;

(E) Meet any required fire, safety, and building code requirements specified in:

(i) Applicable Oregon laws;
(ii) National Fire Protection Association (NFPA) standards;
(iii) International Building Code (IBC);
(iv) International Fire Code (IFC); and

(F) Have an emergency eye-wash station in any room in which cannabinoid extract is being processed.

(G) Have all applicable material safety data sheets readily available to personnel working for the processor;

(3) **Cannabinoid Concentrates**. A processor with an endorsement to make cannabinoid concentrates:
(a) May not:

(A) Use denatured alcohol.

(B) If using carbon dioxide, apply high heat or pressure.

(b) Must only use or store dry ice in a well ventilated room to prevent against the accumulation of dangerous levels of CO2.
(c) May use:

(A) A mechanical extraction process;

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

(C) A chemical extraction process using the hydrocarbon-based solvent carbon dioxide, provided that the process does not involve the use heat over 180 degrees or pressure.

Stat. Auth.: Sections 2 and 14, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 14, Chapter 614, Oregon Laws 2015

845-025-3280
Cannabinoid Topical Processor

A processor with a cannabinoid topical endorsement may not engage in processing in a location that is operating as a restaurant, seasonal temporary restaurant, intermittent temporary restaurant, limited service restaurant or single-event temporary restaurant licensed under ORS 624.

Stat. Auth.: Sections 2 and 14, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section14, Chapter 614, Oregon Laws 2015

845-025-3290
Recordkeeping

(1) A processors must keep records documenting the following:
(a) How much marijuana is in each process lot;
(b) If a product is returned by a licensee, how much product is returned and why;
(c) If a defective product was reprocessed, how the defective product was reprocessed
(d) Each training provided in accordance with OAR 845-025-3240, the names of employees who participated in the training, and a summary of the information provided in the training.
(2) A processor must obtain a material safety data sheet for each solvent used or stored on the licensed premises and maintain a current copy of the material safety data sheet and a receipt of purchase for all solvents used or to be used in an extraction process on the licensed premises.
(3) If the Commission requires a processor to submit or produce documents to the Commission that the processor believes falls within the definition of a trade secret as defined in ORS 192.501, the processor must mark each document "confidential" or "trade secret".

Stat. Auth.: Sections 2 and 14, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section14, Chapter 614, Oregon Laws 2015

RECREATIONAL MARIJUANA WHOLESALER

845-025-3500
Wholesale License Privileges; Prohibitions

(1) License Privileges. A wholesale licensee may:
(a) Purchase marijuana items from a producer, processor or wholesale licensee.
(b) Sell, including sale by auction:
(A) Any type of marijuana item to a retail, wholesale or research certificate holder.
(B) Only immature marijuana plants and seeds to a producer licensee.
(C) Only usable marijuana to a processor licensee.
(c) Transport and store marijuana items on behalf of other licensees, pursuant to the requirements of OAR 845-025-7500 to OAR 845-025-7590.
(d) Provide a sample of usable marijuana or a cannabinoid product, concentrate or extract to a marijuana wholesaler, retailer or processor licensee for the purpose of the licensee determining whether to purchase the product. The product may not be consumed on a licensed premises. Any sample provided to another licensee must be recorded in CTS.
(2) Prohibited Conduct. A wholesale licensee may not:
(a) Receive marijuana items from any source other than a producer, processor or wholesale licensee.
(b) Sell or otherwise transfer a marijuana item to consumers or any entity other than a licensee of the Commission.
(3) For purposes of this rule "marijuana item" does not include a mature marijuana plant.

Stat. Auth.: Sections 2 and 15, chapter 614, Oregon Laws 2015
Stats. Implemented: Section 15 and 23, chapter 614, Oregon Laws 2015

MARIJUANA TESTING LABORATORIES

845-025-5000
Laboratory License Privileges

A licensed marijuana testing laboratory may:
(1) Obtain samples of marijuana items from licensees for purposes of performing testing as provided in these rules and OAR 333-007-0300 to 333-007-0490;
(2) Transport and dispose of samples as provided in these rules; and
(3) Perform testing on marijuana items in a manner consistent with the laboratory's accreditation by the Oregon Health Authority, these rules and OAR 333-007-0300 to 333-007-0490.

Stat. Auth.: Section 93, chapter 614, Oregon Laws 2015
Stats. Implemented: Section 93, chapter 614, Oregon Laws 2015

845-025-5030
Laboratory Licensing Requirements

(1) General Requirements
(a) A laboratory that intends to test marijuana items for producer, processor, wholesale or retail licensees must be licensed by the Commission.
(b) An applicant for a license under this rule must comply with all applicable application requirements in OAR 845-025-1030 and pay the required application and license fees, except that a laboratory licensee is not subject to any residency requirements.
(c) A laboratory application is subject to the same application review procedures as other applicants
(d) In addition to the denial criteria in OAR 845-025-1115, the Commission may refuse to issue a laboratory license for any violation of sections 91 to 99, chapter 614, Oregon Laws 2015, sections 3 to 70, chapter 1, Oregon Laws 2015, or these rules.
(e) Laboratory application and license fees are established in OAR 845-025-1060.
(2) Accreditation by the Oregon Health Authority
(a) In addition to the requirements listed in section (1) of this rule, an applicant for a laboratory license must be accredited by the Authority with a scope of accreditation that includes the sampling and testing analysis required in OAR 333-007-0300 to 333-007-0490 prior to exercising the licensed privileges in OAR 845-025-5000.
(b) An applicant for a license under this rule may apply for licensure prior to receiving accreditation, but the Commission will not issue a license until proof of accreditation is received.
(c) The Commission may make efforts to verify or check on an applicant's accreditation status during the licensing process, but an applicant bears the burden of taking all steps needed to secure accreditation and present proof of accreditation to the Commission.
(d) In addition to the denial criteria in OAR 845-025-1115, the Commission may consider an application incomplete if the applicant does not obtain accreditation from the Authority within six months of applying for a license. The Commission shall give an applicant an opportunity to be heard if an application is declared incomplete under this section, but an applicant is not entitled to a contested case proceeding under ORS chapter 183. An applicant whose application is declared incomplete may reapply at any time.

(e) A licensed laboratory must maintain accreditation by the Authority at all times while licensed by the Commission. If a laboratory's accreditation lapses, is canceled or is suspended at any time for any reason while licensed by the Commission, the laboratory may not engage in any activities permitted under the license until accreditation is reinstated.
(f) Exercising license privileges while accreditation is suspended or canceled is a Category I violation and could result in license cancellation.
(3) Renewal.
(a) A laboratory must renew its license annually and pay the required renewal fees in accordance with OAR 845-025-1190.
(b) A laboratory renewal application may be denied for any violation of sections 91 to 99, chapter 614, Oregon Laws 2015, sections 3 to 70, chapter 1, Oregon Laws 2015, or these rules.

Stat. Auth.: Section 93, chapter 614, Oregon Laws 2015
Stats. Implemented: Section 93, chapter 614, Oregon Laws 2015

845-025-5045
Laboratory Tracking and Reporting

(1) A laboratory licensee is required to utilize CTS and follow all requirements established by OAR 845-025-7500 to OAR 845-025-7590 (general requirements).
(2) A laboratory licensee is responsible for tracking and entering the following information into CTS:
(a) Receipt of samples for testing, including:
(A) Size of the sample;
(B) Name of licensee from whom the sample was obtained;
(C) Date the sample was collected; and
(D) UID tag information associated with the harvest or process lot from which the sample was obtained.
(b) Tests performed on samples, including:
(A) Date testing was performed;
(B) What samples were tested for;
(C) Name of laboratory responsible for testing; and
(D) Results of all testing performed.
(c) Disposition of any testing sample material.

Stat. Auth.: Section 93, chapter 614, Oregon Laws 2015
Stats. Implemented: Section 93, chapter 614, Oregon Laws 2015

845-025-5060
Laboratory Transportation and Waste Disposal

(1) A laboratory licensee must follow all rules regarding transportation of marijuana items established in OAR 845-025-7700.
(2) A laboratory licensee must follow all rules regarding disposal of samples from marijuana items established in OAR 845-025-7750.
Stat. Auth.: Section 93, chapter 614, Oregon Laws 2015
Stats. Implemented: Section 93, chapter 614, Oregon Laws 2015

845-025-5075
Laboratory Licensee Prohibited Conduct

(1) In addition to the prohibitions set forth in OAR 845-025-8520, a laboratory licensee may not:
(a) Perform any required marijuana testing using any testing methods or equipment not permitted under the laboratory's accreditation through the Authority.
(b) Perform any required marijuana testing for any licensed marijuana producer, processor, wholesaler or retailer in which the laboratory licensee has a financial interest in; or
(c) Engage in any activity that violates any provision of the chapter 1, Oregon Laws 2015, chapter 614, Oregon Laws 2015, OAR 333-007-0300 through OAR 333-007-0490 or OAR 333, Division 64 as applicable or these rules.
(2) The Commission may suspend or cancel a laboratory license for any violation of sections 91 to 99, chapter 614, Oregon Laws 2015, or these rules. The licensee has a right to a hearing under the procedures of ORS Chapter 183; OAR Chapter 137, division 003; and OAR Chapter 845, division 003.
(2) A violation of this rule is a Category I violation and could result in license revocation.

Stat. Auth.: Section 93, chapter 614, Oregon Laws 2015
Stats. Implemented: Section 93, chapter 614, Oregon Laws 2015

RESEARCH CERTIFICATE

845-025-5300.
Application for Marijuana Research Certificate.

(1) The Commission shall issue Marijuana Research Certificates to qualifying public and private researchers who present research proposals that demonstrate:
(a) The proposed research would benefit the state's cannabis industry, medical research or public health and safety; and
(b) The proposed operation and methodology complies with all applicable laws and administrative rules governing marijuana licensees and licensee representatives.
(2) The process for applying for, receiving and renewing a certificate shall be the same as the process for applying for, receiving and renewing a marijuana license under OAR 845-025-1030 to 845-025-1115 except that an applicant for a Marijuana Research Certificate is not subject to the residency requirements in OAR 845-025-1045(2)(b).
(3) In addition to the application requirements in OAR-025-1030 the applicant must also provide:
(a) A clear description of the research proposal;
(b) A description of the researchers' expertise in the scientific substance and methods of the proposed research;
(c) An explanation of the scientific merit of the research plan, including a clear statement of the overall benefit of the applicant's proposed research to Oregon's cannabis industry, medical research, or to public health and safety;
(d) Descriptions of key personnel, including clinicians, scientists, or epidemiologists and support personnel who would be involved in the research, demonstrating they are adequately trained to conduct this research;
(e) A clear statement of the applicant's access to funding and the estimated cost of the proposed research;
(f) A disclosure of any specific conflicts of interest that the researcher or other key personnel have regarding the research proposal; and
(g) A description of the research methods demonstrating an unbiased approach to the proposed research.
(h) If the applicant intends to research the use of pesticides, an experimental use permit issued by Oregon Department of Agriculture pursuant to OAR 603-057-0160.
(4) Research certificates will be granted for up to a three year term.
(5) The Commission may request that the research certificate holder submit information and fingerprints required for a criminal background check at any time within the research certificate term.
(6) A certificate holder may, in writing, request that the Commission waive one or more of these rules. The request must include the following information:
(a) The specific rule and subsection of a rule that is requested to be waived;
(b) The reason for the waiver;
(c) A description of an alternative safeguard the licensee can put in place in lieu of the requirement that is the subject of the waiver, or why such a safeguard is not necessary;
(d) An explanation of how and why the alternative safeguard or waiver of the rule protects public health and safety, prevents diversion of marijuana, and provides for accountability.

(7) The Commission may, in its discretion, and on a case by case basis, grant the waiver in whole or in part if it finds:
(a) The reason the certificate holder is requesting the waiver is because another state or local law prohibits compliance; or
(b) The certificate holder cannot comply with the particular rule, for reasons beyond the certificate holder's control or compliance with the rule is cost prohibitive;
(c) Because of the nature of the research the Commissions finds that compliance with a particular rule is not necessary and that even with the waiver public health and safety can be protected, there is no increased opportunity for diversion of marijuana, and the certificate holder remains accountable. .
(8) The Commission must notify the certificate holder in writing, whether the request has been approved. If the request is approved the notice must specifically describe any alternate safeguards that are required and, if the waiver is time limited, must state the time period the waiver is in effect.
(9) The Commission may withdraw approval of the waiver at any time upon a finding that the previously approved waiver is not protecting public health and safety or the research certificate holder has other issues with compliance. If the Commission withdraws its approval of the waiver the certificate holder will be given a reasonable period of time to come into compliance with the requirement that was waived.

Stat. Auth.: Section 113, chapter 614, Oregon Laws 2015
Stats. Implemented: Section 113, chapter 614, Oregon Laws 2015

845-025-5350.
Marijuana Research Certificate Privileges and Prohibitions

(1) A certificate holder may receive marijuana items from a licensee or a registrant under ORS 475.300 to 475.346.
(2) A certificate holder may not sell or otherwise transfer marijuana items to any other person except when disposing of waste pursuant to OAR 845-025-7750, or transferring to another certificate holder.
(3) A certificate holder may not conduct any human subject research related to marijuana unless the certificate holder has received approval from an institutional review board that has adopted the Common Rule, 45 CFR Part 46.
(4) All administrative rules adopted by Commission for the purpose of administering and enforcing chapter 1, Oregon Laws 2015, chapter 614, Oregon Laws 2015, and any rules adopted thereunder with respect to licensees and licensee representatives apply to certificate holders except for those which are inconsistent with this rule.

Stat. Auth.: Section 113, chapter 614, Oregon Laws 2015
Stats. Implemented: Section 113, chapter 614, Oregon Laws 2015

MARIJUANA HANDLER PERMITS

845-025-5500
Marijuana Handler Permit and Retailer Requirements

(1) A marijuana handler permit is required for any individual who performs work for or on behalf of a marijuana retailer if the individual participates in:
(a) The possession, securing or selling of marijuana items at the premises for which the license has been issued;
(b) The recording of the possession, securing or selling of marijuana items at the premises for which the license has been issued;
(c) The verification of any document described in section 16, chapter 1, Oregon Laws 2015; or
(d) The direct supervision of a person described in subsections (a) to (c) of this section.
(2) An individual who is required by section (1) of this rule to hold a marijuana handler permit must carry that permit on his or her person at all times when performing work on behalf of a marijuana retailer.
(3) A person who holds a marijuana handler permit must notify the Commission in writing within 10 days of any conviction for a misdemeanor or felony.
(4) A marijuana retailer must verify that an individual has a valid marijuana handler permit issued in accordance with OAR 845-025-5500 to 845-025-5590 before allowing the individual to perform any work at the licensed premises.

Stat. Auth.: Sections 19 and 20, chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 19 and 20, chapter 614, Oregon Laws 2015

845-025-5520
Marijuana Handler Applications

(1) In order to obtain a marijuana handler permit an individual must submit an application on a form prescribed by the Commission. The application must contain the applicant's:
(a) Name;
(b) Mailing address;
(c) Date of birth;
(d) Signature; and
(e) Response to conviction history questions.
(2) In addition to the application an applicant must submit:
(a) A copy of a driver's license or identification card issued by one of the fifty states in the United States of America or a passport;
(b) The applicable fee as specified in OAR 845-025-1060; and
(c) Proof of having completed a marijuana handler education course and passed the examination.
(3) If an application does not contain all the information requested or if the information and fee required in section (2) of this rule is not provided to the Commission, the application will be returned to the individual as incomplete, along with the fee.
(4) If an application is returned as incomplete, the individual may reapply at any time.

Stat. Auth.: Sections 19 and 20, chapter 614, Oregon Laws 2015

Stats. Implemented: Sections 19 and 20, chapter 614, Oregon Laws 2015

845-025-5540
Marijuana Handler Permit Denial Criteria

(1) The Commission must deny an initial or renewal application if the applicant:
(a) Is not 21 years of age or older; or
(b) Has not completed the marijuana handler education course and passed the examination.
(2) The Commission may deny a marijuana handler permit application, unless the applicant shows good cause to overcome the denial criteria, if the applicant:
(a) Has been convicted of a felony, except for a felony described in section 20(4)(a), chapter 614, Oregon Laws 2015;
(b) Has violated a provision of sections 3 to 70, chapter 1, Oregon Laws 2015, or these rules; or
(c) Makes a false statement to the Commission.
(3) If the Commission denies an application under subsection (2)(b) or (c) of this rule the individual may not reapply within two years of the date the Commission received the application.
(4) A Notice of Denial must be issued by the Commission in accordance with ORS 183.

Stat. Auth.: Sections 19 and 20, chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 19 and 20, chapter 614, Oregon Laws 2015

845-025-5560
Marijuana Handler Course Education and Examination Requirements

(1) An individual must, prior to applying for a marijuana handler permit complete an approved marijuana handler education course, pass the required examination, and pay the fee specified in OAR 845-025-1060;
(2) An individual must score at least 70 percent on the marijuana handler course examination in order to pass.
(a) An individual who does not pass the examination may retake the examination up to two times within 90 days of the date the individual took the course. If the individual fails to pass both retake examinations the individual must retake the handler education course.
(3) An individual must take a marijuana handler education course at least every five years prior to applying for renewal of a marijuana handler permit.
(4) The Commission may require additional education or training for permit holders at any time, with adequate notice to permit holders.

Stat. Auth.: Sections 19 and 20, chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 19 and 20, chapter 614, Oregon Laws 2015

845-025-5580
Marijuana Handler Renewal Requirements

(1) An individual must renew his or her marijuana handler permit every five years by submitting a renewal application, prescribed by the Commission and the applicable fee specified in OAR 845-025-1060.
(2) Renewal applications will be reviewed in accordance with OAR 845-025-5520 and 845-025-5540.

Stat. Auth.: Sections 19 and 20, chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 19 and 20, chapter 614, Oregon Laws 2015

845-025-5590
Suspension or Revocation

(1) The Commission may suspend or cancel the permit of any marijuana handler if the handler:
(a) Has been convicted of a felony, except for a felony described in section 20, chapter 614, Oregon Laws 2015(4)(a);
(b) Has violated a provision of sections 3 to 70, chapter 1, Oregon Laws 2015, or these rules; or
(c) Makes a material false statement to the Commission.
(2) If an individual's permit is canceled under sections (1)(b) or (c) of this rule the individual may not reapply within two years from the date a final order of revocation is issued.
(3) A notice of suspension or revocation must be issued by the commission in accordance with ORS 183.

Stat. Auth.: Sections 19 and 20, chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 19 and 20, chapter 614, Oregon Laws 2015

TESTING

845-025-5700
Licensee Testing Requirements

(1) Licensees are required to test marijuana items in accordance with OAR 333-007-0300 to 333-007-0490.
(2) A licensee may not sell or transfer a marijuana item:
(a) That is required to be tested before being sold or transferred unless the required testing has been performed by a licensed laboratory; or
(b) That is from a batch that has failed a test and the batch has not been retested in accordance with OAR 333-007-0460 and subsequently passed the required testing .
(3) A violation is this rule is a Category I violation.

Stat. Auth.: Section 91 and 92, chapter 614, Oregon Laws 2015
Stats. Implemented: Section 91 and 92, chapter 614, Oregon Laws 2015

845-025-5720
Labeling, Storage, and Security of Pre-Tested Marijuana Items

(1) Following samples being taken from a harvest or process lot a licensee must:
(a) Label the harvest or process lot with the following information:
(A) The laboratory doing the samples;
(B) The test batch samples numbers, once known;
(C) The date the samples were taken;
(D) The harvest or process lot number;
(E) The licensee's license number; and
(F) In bold, capital letters, no smaller than 12 point font, "PRODUCT NOT TESTED".
(b) Store and secure the harvest or process lot in a manner that prevents the product from being tampered with or sold prior to test results being reported.
(2) A harvest or process lot may be stored in more than one receptacle as long as the labeling requirements are met.
(3) If the samples pass testing the product may be sold in accordance with the applicable Commission rules.
(4) If the samples do not pass testing the licensee must comply with OAR 845-025-5740.

Stat. Auth.: Section 91 and 92, chapter 614, Oregon Laws 2015
Stats. Implemented: Section 91 and 92, chapter 614, Oregon Laws 2015

845-025-5740
Failed Test Samples

(1) If a sample fails any initial test the licensee may have samples retested in accordance with OAR 333-007-0460.
(2) Failed microbiological contaminant testing.

(a) If a sample from a batch of usable marijuana fails microbiological contaminant testing the batch may be used to make a cannabinoid concentrate or extract if the processing method effectively sterilizes the batch such as a method using a hydrocarbon based solvent or a CO2 closed loop system.
(b) If a sample from a batch of a cannabinoid concentrate or extract fails microbiological contaminant testing the batch may be further processed if the processing method effectively sterilizes the batch such as a method using a hydrocarbon based solvent or a CO2 closed loop system.
(c) A batch that is sterilized in accordance with subsection (a) or (b) of this section must be resampled and retested in accordance with OAR 333-007-0460 and must be tested if not otherwise required for that product, for microbiological contaminants, solvents and pesticides.
(3) Failed solvent testing.
(a) If a sample from a batch fails solvent testing the batch may be re-processed using procedures that would reduce the concentration of solvents to less than the action level.
(b) A batch that is re-processed in accordance with subsection (a) of this section must be resampled and retested in accordance with OAR 333-007-0460 and must be tested if not otherwise required for that product, for microbiological contaminants, solvents and pesticides.
(4) Failed water activity testing.
(a) If a sample from a batch of usable marijuana fails for water activity the batch from which the sample was taken may continue to dry or cure.
(b) A batch that undergoes additional drying or curing as described in subsection (a) of this section must be resampled and retested in accordance with OAR 333-007-0460.
(5) Failed pesticide testing.
(a) If a sample from a batch fails pesticide testing the batch must be destroyed, in accordance with OAR 845-025-7750, except as provided in subsection (b) of this section, or re-tested in accordance with OAR 333-007-0460.
(b) A licensee may request approval from the Commission, in writing, to remediate a batch of usable marijuana that failed pesticide testing. Such a request must include detailed information about the remediation process and proof that the remediation process will reduce the concentration of pesticides to less than the action level.
(c) If the Commission approves the request the batch must be resampled and retested after the remediation, in accordance with OAR 333-007-0300 to 333-007-0490 and must be tested if not otherwise required for that product, for microbiological contaminants, solvents and pesticides.
(6) If a sample fails a retest required under sections (2), (3) and (5) of this rule for microbiological contaminants, solvents or pesticides a licensee must destroy or dispose of the batch.
(7) A regulatory specialist must witness the destruction or disposal of a batch if destruction or disposal is required by this rule.
(8) A licensee must inform a laboratory prior to samples being taken that the batch is being resampled and retested after an initial failed test.
(9) A licensee must, as applicable:
(a) Have detailed procedures for sterilization processes to remove microbiological contaminants and for reducing the concentration of solvents or pesticides.
(b) Document, in CTS, all resampling, retesting, sterilization, re-processing, remediation and destruction or disposal.

Stat. Auth.: Section 91 and 92, chapter 614, Oregon Laws 2015
Stats. Implemented: Section 91 and 92, chapter 614, Oregon Laws 2015

845-025-5760
Audit Testing or Compliance Testing

(1) The Commission may require a licensee to have samples from a harvest or process lot submitted to a laboratory for testing in order to determine whether the licensee is in compliance with OAR 333-007-0300 to 333-007-0490 and these rules, at the licensee's expense.
(2) Audit testing must comply with OAR 333-007-0300 to 333-007-0490 and any applicable ORELAP rules.
(3) The Commission may initiate an investigation of a licensee upon receipt of a tentatively identified compounds report from a laboratory, reported in accordance with OAR 333-064-0100 and may require the licensee to submit samples for additional testing, including testing for analytes that are not required by OAR 333-007-0300 to 333-007-0490, at the licensee's expense.

Stat. Auth.: Section 91 and 92, chapter 614, Oregon Laws 2015
Stats. Implemented: Section 91 and 92, chapter 614, Oregon Laws 2015

PACKAGING AND LABELING

845-025-7000
Definitions

For the purposes of OAR 845-025-7000 to 845-025-7060:

(1) "Attractive to minors" means packaging, labeling and marketing that features:
(a)Cartoons;
(b)A design, brand or name that resembles a non-cannabis consumer product of the type that is typically marketed to minors;
(c) Features symbols or celebrities that are commonly used to market products to minors.
(2) "Cannabinoid" means any of the chemical compounds that are the active constituents of marijuana.
(3) "Cannabinoid concentrate or extract" means a substance obtained by separating cannabinoids from marijuana by a mechanical, chemical or other process.
(4) "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.
(5)(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 571.300.
(6) "Cartoon" means any drawing or other depiction of an object, person, animal, creature or any similar caricature that satisfies any of the following criteria:
(a) The use of comically exaggerated features;
(b) The attribution of human characteristics to animals, plants or other objects, or the similar use of anthropomorphic technique; or
(c) The attribution of unnatural or extra-human abilities, such as imperviousness to pain or injury, X-ray vision, tunneling at very high speeds or transformation.
(7) "Child resistant" means packaging that is:
(a) Designed or constructed to be significantly difficult for children under five years of age to open and not difficult for adults to use properly as defined by 16 CFR 1700.20 (1995); and
(b) Resealable for any cannabinoid concentrate or extract, or cannabinoid product, intended for more than a single use or containing multiple servings.
(8) "Consumer":
(a) Has the meaning given that term in section 1, chapter 614, Oregon Laws 2015; or
(b) Means a patient or designated primary caregiver receiving a transfer from a medical marijuana dispensary.
(9) "Container" means a sealed, hard or soft-bodied receptacle in which a marijuana item is placed prior to being sold to a consumer.
(10) "Exit Package" means a sealed container provided at the retail point of sale in which any marijuana items already within a container are placed.
(11) "Licensee" has the meaning given that term in OAR 845-025-1015.

(12)(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 industrial hemp, as defined in ORS 571.300.
(13) "Marijuana item" means marijuana, usable marijuana, a cannabinoid product or a cannabinoid concentrate or extract.
(14) "Processing" means the compounding or conversion of marijuana into cannabinoid products or cannabinoid concentrates or extracts.
(15) "Producing" means:
(a) Planting, cultivating, growing, trimming or harvesting marijuana; or
(b) Drying marijuana leaves and flowers.
(16) "Registrant" means a person registered with the Authority under ORS 475.304, 475.314, or section 85, chapter 614, Oregon Laws 2015.
(17)(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.

Stat. Auth.: Section 103, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 100, Chapter 614, Oregon Laws 2015

845-025-7020
Packaging for Sale to Consumer

(1) The purpose of this rule is to set the minimum standards for the packaging of marijuana items that are sold to the consumer, applicable to:
(a) A licensee; or
~~(b) On and after April 1, 2016, a registrant who is not exempt from the labeling requirements.~~
(2) Containers or packaging for marijuana items must protect a marijuana item from contamination and must not impart any toxic or deleterious substance to the marijuana item.
(3) Marijuana items for ultimate sale to a consumer must:
(a) Be packaged in a container that is child-resistant;
(b) Not be packaged or labeled in a manner that is attractive to minors; and
(c) Be labeled in accordance with OAR 333-007-0010 to 333-007-0100.
(4) Packaging may not contain any text that makes an untruthful or misleading statement.
(5) Nothing in this rule:
(a) Prevents the re-use of packaging that is capable of continuing to be child-resistant, as permitted by rules established by the Commission or the Authority; or
(b) Prohibits the Commission or the Authority from imposing additional packaging requirements in their respective rules governing licensees and registrants.

Stat. Auth.: Section 103, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 12, 14, 15, 16 and 103, Chapter 614, Oregon Laws 2015

845-025-7040
Wholesaler and Retailer Packaging and Labeling Compliance Requirements

(1) If a wholesaler or a retailer receives a marijuana item that is not packaged or labeled in accordance with OAR 845-025-7000 to 845-025-7060 or OAR 333-007-0010 to 333-007-0100 the wholesaler or retailer must notify the Commission and return the marijuana item to the licensee who transferred the wholesaler or retailer the marijuana item. The wholesaler or retailer must document the return and the reason for the return in the tracking system.
(2) Sale of a marijuana item that is not packaged and labeled in accordance with OAR 845-025-7000 to 845-025-7060 and OAR 333-007-0010 to 333-007-0100 is a category III violation.

Stat. Auth.: Section 103, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 15, 16 and 103, Chapter 614, Oregon Laws 2015

845-025-7060
Packaging and Labeling Pre-approval Process

(1) Prior to a marijuana item being sold to a consumer, a licensee or a registrant, if pre-approval is required by the Authority, packaging marijuana items for ultimate sale to a consumer must submit a prototype of the packaging complete with labels affixed to the package for pre-approval by the Commission, subject to the exceptions in sections (6) to (8) of this rule, the packaging and labels must be accompanied by the following:
(a) A fee as specified in OAR 845-025-1060; and
(b) Information including but not limited to:
(A) The licensee's license number or the registrant's registration number; and
(B) A picture of and description of the item to be placed in the package.
(2) The commission will evaluate the packaging and label in order to determine whether:
(a) The packaging:
(a) Is child resistant.
(b) Is marketed in a manner attractive to minors.
(c) Contains untruthful or misleading content.
(d) If the packaging is for a cannabinoid edible or other cannabinoid products, is attractive to minors.
(b) The label complies with the Authority's labeling rules, OAR 333-007-0010 to 333-007-0100.
(3) The commission must review the packaging and labeling and notify the licensee or registrant whether the packaging and labeling is approved and if not approved, a description of the packaging or labeling deficiencies.
(4) If a licensee or registrant's packaging or labeling is deficient it must correct the deficiencies and resubmit the packaging for pre-approval, but the licensee or registrant is not required to submit an additional fee unless the packaging is found deficient for a second time in which case the licensee must resubmit the packaging or labeling in accordance with subsection (1) of this rule.
(5) If the label affixed to the package is not compliant with OAR 333-007-0010 to 333-007-0100 the package will not be approved.

(6) Packages and labels that have been previously approved do not need to be resubmitted if the only changes to the packaging or label are:
(a) Changes in the:
(A) Harvest or processing date;
(B) Strain;
(C) Test results;
(D) Net weight or volume; or
(E) Harvest or process lot numbers.
(b) The deletion of any non-mandatory label information.
(c) The addition, deletion or change in the:
(A) UPC barcodes or 2D mobile barcodes (QR codes); or
(B) Website address, phone number, fax number, or zip code of the licensee or registrant.
(d) The repositioning of any label information on the package.
(7) The Commission must publish a list of previously approved commercially available packaging. Packaging identified on this list as approved for certain product types does not need to be submitted for approval if used for the type of product for which it is approved and the packaging does not contain any graphics, pictures or logos.
(8) Labels for marijuana items do not require pre-approval if they contain only the information required by OAR 333-007-0010 to 333-007-0100 and have no graphics, pictures or logos.
(9) Notwithstanding any provisions of this rule, the Commission may permit or require electronic submission of labels and packaging for approval.

Stat. Auth.: Sections 102 and 104, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 102 and 104, Chapter 614, Oregon Laws 2015

SEED-TO-SALE TRACKING

845-025-7500
CTS Requirements

(1) A licensee must:
(a) Use CTS as the primary inventory and recording keeping system.
(b) Have a CTS account activated and functional prior to operating or exercising any privileges of the license and must maintain an active account while licensed.
(2) A licensee must have at least one license holder who is a CTS Administrator and a licensee may authorize additional license holders or licensee representatives to obtain Administrator accounts.
(3) In order to obtain a CTS Administrator account, a license holder must attend and successfully complete all required CTS training. The Commission may also require additional ongoing, continuing education for an individual to retain his or her CTS Administrator account.
(4) A licensee may designate licensee representatives as CTS Users. A designated user must be trained by a CTS Administrator in the proper and lawful use of CTS.
(5) A licensee must:
(a) Maintain an accurate and complete list of all CTS Administrators and CTS Users for each Licensed Premises and must update the list when a new CTS User is trained.
(b) Train and authorize any new CTS Users before those Users are permitted to access CTS or input, modify, or delete any information in CTS.
(c) Cancel any CTS Administrator or User from an associated CTS account if that individual is no longer a licensee representative or the Administrator or User has violated OAR 845-025-7500 to 845-025-7590 .
(d) Correct any data that is entered into CTS in error.
(6) A licensee is accountable for all actions licensee representatives take while logged into CTS or otherwise conducting inventory tracking activities.
(7) Nothing in this rule prohibits a licensee from using secondary separate software applications to collect information to be used by the business including secondary inventory tracking or point of sale systems. Secondary software applications must use CTS data as the primary source of data and must be compatible with updating to CTS. If a licensee uses a separate software application it must get approval from the vendor contracting with the Commission to provide CTS and the software application must :
(a) Accurately transfer all relevant CTS data to and from CTS for the purposes of reconciliations with any secondary systems.
(b) Preserve original CTS data when transferred to and from a secondary application.
(8) If at any point a licensee loses access to CTS for any reason, the licensee must keep and maintain comprehensive records detailing all tracking inventory activities that were conducted during the loss of access.
(a) Once access is restored, all inventory tracking activities that occurred during the loss of access must be entered into CTS.
(b) A licensee must document when access to the system was lost and when it was restored.
(c) A licensee may not transport any marijuana items to another licensed premises until such time as access is restored and all information is recorded into CTS.

Stat. Auth.: Sections 2, 12, 14, 15, and 16, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 23, Chapter 614, Oregon Laws 2015

845-025-7520
Unique Identification (UID) Tags

A licensee must:
(1) Use UID tags issued by a Commission-approved vendor that is authorized to provide UID tags for CTS. Each licensee is responsible for the cost of all UID tags and any associated vendor fees.
(2) Have an adequate supply of UID tags at all times.
(3) Properly tag all inventory that is required to have a UID tag.
(4) Place tags in a position that can be clearly read by an individual standing next to the item and the tag must be kept free from dirt and debris.

Stat. Auth.: Sections 2, 12, 14, 15, and 16, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 23, Chapter 614, Oregon Laws 2015

845-025-7540
CTS User Requirements

(1) A licensee and any designated CTS Administrator or User shall enter data into CTS that fully and transparently accounts for all inventory tracking activities.
(2) A licensee is responsible for the accuracy of all information entered into CTS.
(3) An individual entering data into the CTS system may only use that individual's CTS account. Each CTS Administrator and CTS User must have a unique log-on and password, which may not be used by any other person.
(4) A violation of this rule is a Category III violation. Intentional misrepresentation of data entered into the CTS system is a Category I violation.

Stat. Auth.: Sections 2, 12, 14, 15, and 16, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 23, Chapter 614, Oregon Laws 2015

845-025-7560
System Notifications

A licensee must:
(1) Monitor all compliance notifications from CTS and resolve the issues detailed in the compliance notification in a timely fashion. A licensee may not dismiss a compliance notification in CTS until the licensee resolves the compliance issues detailed in the notification.
(2) Take appropriate action in response to informational notifications received through CTS, including but not limited to notifications related to UID billing, enforcement alerts, and other pertinent information.

Stat. Auth.: Sections 2, 12, 14, 15, and 16, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 23, Chapter 614, Oregon Laws 2015

845-025-7580
Reconciliation with Inventory

A licensee must:
(1) Use CTS for all inventory tracking activities at a licensed premises.
(2) Reconcile all on-premises and in-transit marijuana item inventories each day in CTS at the close of business.

Stat. Auth.: Sections 2, 12, 14, 15, and 16, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 23, Chapter 614, Oregon Laws 2015

845-025-7590
Inventory Audits

The Commission may perform a physical audit of the inventory of any licensee at the agency's discretion and with reasonable notice to the licensee. Variances between the physical audit and the inventory reflected in CTS at the time of the audit, which cannot be attributed to normal moisture variation in usable marijuana are violations. The Commission may impose a civil penalty, suspend or cancel a licensee for violation of this section.

Stat. Auth.: Sections 2, 12, 14, 15, and 16, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 6, Chapter 614, Oregon Laws 2015

TRANSPORTATION AND DELIVERY

845-025-7700
Transportation and Delivery of Marijuana Items

(1) Marijuana items may only be transferred between licensed premises by a licensee or licensee representative.
(2) An individual authorized to transport marijuana items must have a valid Oregon Driver's License;
(3) A licensee must:
(a) Use a vehicle for transport that is:
(A) Insured at or above the legal requirements in Oregon;
(B) Capable of securing (locking) the marijuana items during transportation; and
(C) Capable of being temperature controlled if perishable marijuana items are being transported.
(b) Using CTS, generate a printed transport manifest that accompanies every transport of marijuana items that contains the following information:
(A) The name, contact information of a licensee representative, licensed premises address and license number of the licensee transporting the marijuana items;
(B) The name, contact information of the licensee representative, licensed premises address, and license number of the licensee receiving the delivery;
(C) Product name and quantities (by weight or unit) of each marijuana item contained in each transport, along with the UIDs for every item;
(D) The date of transport and approximate time of departure;
(E) Arrival date and estimated time of arrival;
~~(F) Delivery vehicle make and model and license plate number; and~~
(G) Name and signature of the licensee's representative accompanying the transport.
(4) A licensee or licensee representative may transport marijuana items from an originating location to multiple licensed premises as long as each transport manifest correctly reflects specific inventory in transit and each recipient licensed premises provides the licensee with a printed receipt for marijuana items delivered
(5) All marijuana items must be packaged in shipping containers and labeled in accordance with OAR 845-025-2880 prior to transport.
(6) A licensee must provide a copy of the transport manifest to each licensed premises receiving the inventory described in the transport manifest, but in order to maintain transaction confidentiality, may prepare a separate manifest for each receiving licensed premises.
(7) A licensee must provide a copy of the printed transport manifest and any printed receipts for marijuana items delivered to law enforcement officers or other representatives of a government agency if requested to do so while in transit.
(8) A licensee must contact the commission immediately, or as soon as possible under the circumstances, if a vehicle transporting marijuana items is involved in any accident that involves product loss.
(9) Upon receipt of inventory a receiving licensee must ensure that the marijuana items received are as described in the transport manifest.

(10) A receiving licensee must separately document any differences between the quantity specified in the transport manifest and the quantities received. Such documentation shall be made in CTS and in any relevant business records.
(11) A licensee must provide temperature control for perishable marijuana items during transport.
(12) Any vehicle transporting marijuana items must travel directly from the shipping licensee to the receiving licensee and must not make any unnecessary stops in between except to other licensed premises receiving inventory.
(13) A licensee may transport marijuana for other licensees if the transporting licensee holds a wholesale license.

Stat. Auth.: Sections 2, 12, 14, 15, and 16, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 2, 12, 14, 15, and 16, Chapter 614, Oregon Laws 2015

WASTE MANAGEMENT

845-025-7750
Waste Management

(1) A licensee must:
(a) Store, manage and dispose of solid and liquid wastes generated during marijuana production and processing in accordance with applicable state and local laws and regulations which may include but are not limited to:.

(A) Solid waste requirements in ORS 459 and OAR 340 Divisions 93 to 96;
(B) Hazardous waste requirements in ORS 466 and OAR 340, Divisions 100 to 106; and
(C) Wastewater requirements in ORS 468B and OAR 340, Divisions 41 to 42, 44 to 45, 53, 55 and 73.

(b) Store marijuana waste in a secured waste receptacle in the possession of and under the control of the licensee.
(2) A licensee may give or sell marijuana waste to a producer, processor or wholesale licensee or research certificate holder. Any such transaction must be entered into CTS pursuant to OAR 845-025-7500.
(3) In addition to information required to be entered into CTS pursuant to OAR 845-025-7500a licensee must maintain accurate and comprehensive records regarding waste material that accounts for, reconciles, and evidences all waste activity related to the disposal of marijuana.

Stat. Auth.: Sections 2, 12 and 14, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 12, 14, 15 and 23, Chapter 614, Oregon Laws 2015

ADVERTISING

845-025-8000
Purpose and Application of Rules

(1) The Commission serves the interests of the citizens of Oregon by regulating and prohibiting advertising marijuana items in a manner:
(a) That is attractive to minors;
(b) That promotes excessive use;
(c) That promotes activity that is illegal under Oregon law; or
(d) That otherwise presents a significant risk to public health and safety.
(2) The Commission also serves the interests of Oregonians by allowing advertising for the purpose of informing the public of the availability and characteristics of marijuana.
(3) All marijuana advertising by a licensee must conform to these rules.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 2, Chapter 614, Oregon Laws 2015

845-025-8020
Definitions

As used in OAR 845-025-8000 through 845-025-8080:
(1) "Advertising" is publicizing the trade name of a licensee together with words or symbols referring to marijuana or publicizing the brand name of marijuana or a marijuana product.
(2) "Handbill" is a flyer, leaflet, or sheet that advertises marijuana.
(3) "Radio" means a system for transmitting sound without visual images, and includes broadcast, cable, on-demand, satellite, or internet programming. Radio includes any audio programming downloaded or streamed via the internet.
(4) "Television" means a system for transmitting visual images and sound that are reproduced on screens, and includes broadcast, cable, on-demand, satellite, or internet programming. Television includes any video programming downloaded or streamed via the internet.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 2, Chapter 614, Oregon Laws 2015

845-025-8040
Advertising Restrictions

(1) Marijuana advertising may not:
(a) Contain statements that are deceptive, false, or misleading;
(b) Contain any content that can reasonably be considered to target individuals under the age of 21, including but not limited to cartoon characters, toys, or similar images and items typically marketed towards minors;
(c) Specifically encourages the transportation of marijuana items across state lines;

(d) Assert that marijuana items are safe because they are regulated by the commission or have been tested by a certified laboratory or otherwise make claims that any government agency endorses or supports marijuana;
(e) Make claims that recreational marijuana has curative or therapeutic effects;
(f) Display consumption of marijuana items;
(g) Contain material that encourages the use of marijuana because of its intoxicating effect; or
(h) Contain material that encourages excessive or rapid consumption.
(2) A marijuana retailer may not make any deceptive, false, or misleading assertions or statements on any product, any sign, or any document provided to a consumer
(3) A licensee must include the following statement on all advertising:
(a) "Do not operate a vehicle or machinery under the influence of this drug".
(b) "For use only by adults twenty-one years of age and older."
(c) "Keep out of the reach of children."

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 2, Chapter 614, Oregon Laws 2015

845-025-8060
Advertising Media, Coupons, and Promotions

(1) The Commission prohibits advertising through handbills that are posted or passed out in public areas such as parking lots and publicly owned property; and
(2) A licensee may not utilize television, radio, print media or internet advertising unless the licensee has reliable evidence that no more than 30 percent of the audience for the program, publication or internet web site in or on which the advertising is to air or appear is reasonably expected to be under the age of 21.
(3) A licensee may not engage in advertising via marketing directed towards location-based devices, including but not limited to cellular phones, unless the marketing is a mobile device application installed on the device by the owner of the device who is 21 years of age or older and includes a permanent and easy opt-out feature

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 2, Chapter 614, Oregon Laws 2015

845-025-8080
Removal of Objectionable and Non-Conforming Advertising

(1) A licensee must remove any sign, display, or advertisement if the Commission finds it violates these rules.
(2) The Commission will notify the licensee and specify a reasonable time period for the licensee to remove any sign, display or advertisement that the Commission finds objectionable.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 2, Chapter 614, Oregon Laws 2015

INVESTIGATION AND ENFORCEMENT

845-025-8500
Responsibility of Licensee, Responsibility for Conduct of Others

Each licensee is responsible for violations of any provision of chapter 1, Oregon Laws 2015, chapter 614, Oregon Laws 2014, or chapter 699, Oregon Laws 2015, affecting the licensed privileges, or these rules and for any act or omission of a licensee representative that violates any law, administrative rule, or regulation affecting the licensed privileges.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 2, Chapter 614, Oregon Laws 2015

845-025-8520
Prohibited Conduct

(1) Sale to a Minor. A licensees or permittee may not sell, deliver, transfer or make available any marijuana item to a person under 21 years of age.
(a) Violation of this section for an intentional sale to a minor by a licensee, permittee or license representative is a Category II violation.
(b) Violation for this section for other than intentional sales is a Category III violation.
(2) Identification. A licensee or license representative must require a person to produce identification as required by Section 24, Chapter 614, Oregon Laws 2015 before selling or providing a marijuana item to that person. Violation of this section is a Category IV violation.
(3) Access to Premises. A licensee or permittee may not:
(a) During regular business hours for the licensed premises, refuse to admit or fail to promptly admit a Commission regulatory specialist who identifies him or herself and who enters or wants to enter a licensed premises to conduct an inspection to ensure compliance with chapter 1, Oregon Laws 2015, chapter 614, Oregon Laws 2014, or chapter 699, Oregon Laws 2015, affecting the licensed privileges, or these rules;
(b) Outside of regular business hours or when the premises appear closed, refuse to admit or fail to promptly admit a Commission regulatory specialist who identifies him or herself and requests entry on the basis that there is a reason to believe a violation of chapter 1, Oregon Laws 2015, chapter 614, Oregon Laws 2014, or chapter 699, Oregon Laws 2015, affecting the licensed privileges, or these rules is occurring; or
(c) Once a regulatory specialist is on the licensed premises, ask the regulatory specialist to leave until the specialist has had an opportunity to conduct an inspection to ensure compliance with chapter 1, Oregon Laws 2015, chapter 614, Oregon Laws 2014, or chapter 699, Oregon Laws 2015, affecting the licensed privileges, or these rules.
(d) Violation of this section is a Category II violation.
(4) Use or Consumption of Intoxicants on Duty and Under the Influence on Duty.
(a) No licensee, licensee representative, or permittee may consume any intoxicating substances while on duty, except for employees as permitted under OAR 845-025-1230(5)(b). Violation of this subsection is a Category III violation.
(b) No licensee, licensee representative, or permittee may be under the influence of intoxicating substances while on duty. Violation of this subsection is a Category II violation.

(c) Whether a person is paid or scheduled for a work shift is not determinative of whether the person is considered "on duty."
(d) As used in this section:
(A) "On duty" means:
(i) From the beginning to the end of a work shift for the licensed business, including any and all coffee, rest or meal breaks; or
(ii) Performing any acts on behalf of the licensee or the licensed business outside of a work shift if the individual has the authority to put himself or herself on duty.
As used in this section.
(B) "Intoxicants" means any substance that is known to have or does have intoxicating effects, and includes alcohol, marijuana, or any other controlled substances.
(5) Permitting Use of Marijuana at Licensed Premises. A licensee or permittee may not permit the use or consumption of marijuana, or any other intoxicating substance, anywhere in or on the licensed premises, or in surrounding areas under the control of the licensee, except for employees as permitted under OAR 845-025-1230(5)(b). Violation of this section is a Category III violation.
(6) Import and Export. A licensee or permittee may not import marijuana items into this state or export marijuana items out of this state. Violation of this section is a Category I violation and could result in license or permit revocation.
(7) Permitting, Disorderly or Unlawful Conduct. A licensee or permittee may not permit disorderly activity or activity that is unlawful under Oregon state law on the licensed premises or in areas adjacent to or outside the licensed premises under the control of the licensee.
(a) If the prohibited activity under this section results in death or serious physical injury, or involves unlawful use or attempted use of a deadly weapon against another person, or results in a sexual offense which is a Class A felony such as first degree rape, sodomy, or unlawful sexual penetration, the violation is a Category I violation and could result in license or permit revocation.
(b) If the prohibited activity under this section involves use of a dangerous weapon against another person with intent to cause death or serious physical injury, it is a Category II violation.
(c) As used in this section:
(A) "Disorderly activities" means activities that harass, threaten or physically harm oneself or another person.
(B) "Unlawful activity" means activities that violate the laws of this state, including but not limited to any activity that violates a state criminal statute.
(d) The Commission does not require a conviction to establish a violation of this section except as section 13(1)(f), chapter 614, Oregon Laws 2015 requires.
(8) Marijuana as a Prize, Premium or Consideration. No licensee or permittee may give or permit the giving of any marijuana item as a prize, premium, or consideration for any lottery, contest, game of chance or skill, exhibition, or any competition of any kind on the licensed premises. .
(9) Visibly Intoxicated Persons. No licensee or permittee may sell, give, or otherwise make available any marijuana item to any person who is visibly intoxicated. Violation of this section is a Category III violation.
(10) Additional Prohibitions. A licensee or permittee may not:
(a) Sell or deliver any marijuana item through a drive-up window.

(b) Sell or offer for sale any marijuana item for a price per item that is less than the licensee's cost for the marijuana item;
(c) Use any device or machine that both verifies the age of the consumer and delivers marijuana to the consumer; or
(d) Deliver marijuana to a consumer off the licensed premises, except that retail licensees may provide delivery as set forth in OAR 845-025-2880.
(e) Violation of this subsection is a Category III violation.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 12, 14, 15, 16, 48, 49 and 50, Chapter 614, Oregon Laws 2015

845-025-8540
Dishonest Conduct

(1) False Statements. A licensee or permittee may not:
(a) Make a false statement or representation to the Commission or law enforcement in order to induce or prevent action or investigation by the Commission or law enforcement. Violation of this subsection is a Category II violation.
(b) If the Commission finds that the false statement or representation was intentional, the Commission may charge the violation as a Category I violation and could result in license or permit revocation.
(2) Marijuana Item Misrepresentations.
(a) A licensee or permittee may not misrepresent any marijuana item to a consumer, licensee, or the public, including:
(A) Misrepresenting the contents of a marijuana item;
(B) Misrepresenting the testing results of a marijuana item;
(C) Misrepresenting the potency of a marijuana item; or
(D) Making representations or claims that the marijuana item has curative or therapeutic effects. .
(b) A licensee may not treat or otherwise adulterate usable marijuana with any chemical, biologically active drug, plant, substance, including nicotine, or other compound that has the effect or intent of altering the usable marijuana's color, appearance, weight or smell in violation of OAR 845-025-1300.
(c) A knowing or intentional violation of this section is a Category I violation and could result in license or permit revocation.
(d) Violation of this section in any manner other than knowing or intentional is a Category II violation.
(3) Supply of Adulterated Marijuana Items.
(a) A licensee may not supply adulterated marijuana items.
(b) Violation of this section is a Category I violation and could result in license revocation.
(4) Evidence. A licensee or permittee may not:
(a) Intentionally destroy, damage, alter, remove or conceal potential evidence, or attempt to do so, or ask or encourage another person to do so. Violation of this subsection is a Category I violation and could result in license cancellation.

(b) Destroy, damage, alter, remove or conceal potential evidence, or attempt to do so, or ask or encourage another person to do so, in any manner other than intentional. Violation of this subsection is a Category II violation.
(c) Refuse to give, or fail to promptly give, a Commission regulatory specialist or law enforcement officer evidence when lawfully requested to do so. Violation of this subsection is a Category II violation.

Stat. Auth.: Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 51, Chapter 614, Oregon Laws 2015

845-025-8560
Inspections

(1) The commission may conduct:
(a) A complaint inspection at any time following the receipt of a complaint that alleges a licensee or permittee is in violation of chapter 1, Oregon Laws 2015, chapter 614, Oregon Laws 2015, chapter 699, Oregon Laws 2015, or these rules;
(b) An inspection at any time if it believes, for any reason, that a licensee or permittee is in violation of chapter 1, Oregon Laws 2015, chapter 614, Oregon Laws 2015, chapter 699, Oregon Laws 2015, or these rules; or
(c) Compliance transactions in order to determine whether a licensee or permittee is complying with chapter 1, Oregon Laws 2015, chapter 614, Oregon Laws 2015, chapter 699, Oregon Laws 2015, or these rules.
(2) A licensee, licensee representative, or permittee must cooperate with the Commission during an inspection.
(3) If licensee, licensee representative or permittee fails to permit the Commission to conduct an inspection the Commission may seek an investigative subpoena to inspect the premises and gather books, payrolls, accounts, papers, documents or records.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 30, Chapter 614, Oregon Laws 2015

845-025-8580
Suspended Licenses: Posting of Suspension Notice Sign, Activities Allowed During Suspension

(1) Before 7:00 a.m. on the date a license suspension goes into effect, and until the suspension is completed, Commission staff must ensure that a suspension notice sign is posted on each outside entrance or door to the licensed premises.
(2) The suspension notice sign must be posted in a way that allows any person entering the premises to read it. Licensees must use the suspension notice sign provided by the Commission. The sign will state that the license has been suspended by order of the Commission due to violations of the recreational marijuana laws (statutes or administrative rule) of Oregon. If there are multiple licenses at the location, the sign will specify which license privileges have been suspended.

(3) During the period of license suspension, the licensee is responsible for ensuring:
(a) Compliance with all applicable laws and rules; and
(b) That the suspension notice sign is not removed, altered, or covered.
(4) A licensee or licensee representative may not allow the sale, delivery to or from, or receipt of marijuana items at the licensed premises during the period of time that the license is under suspension. During a period of time that the license is under suspension, a recreational marijuana licensee may operate the business provided there is no sale, delivery to or from, or receipt of a marijuana item.
(5) Sanction:
(a) A violation of section (4) of this rule is a Category I violation.
(b) A violation of sections (2) or (3)(b) of this rule is a Category IV violation.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 29, Chapter 614, Oregon Laws 2015

845-025-8590
Suspension, Cancellation, Civil Penalties, Sanction Schedule

(1) The Commission may suspend or cancel:
(a) A license under section 9, Chapter 614, Oregon Laws, 2015.
(b) A marijuana handlers permit under section 20, Chapter 614, Oregon Laws, 2015.
(c) A research certificate under section 113, Chapter 614, Oregon Laws, 2015.
(2) The Commission may impose a civil penalty not to exceed $5,000 under section 29, Chapter 614, Oregon Laws 2015. Civil penalties will be calculated by multiplying:
(a) The number of days in a suspension, if suspension could be or is being imposed, by $165 for licensees or certificate holders; or
(b) The number of days in a suspension, if suspension could be or is being imposed, by $25 for permittees.
(3) Violation Categories:
(a) The Commission has the following violation categories:
(A) Category I -- Violations that make licensee ineligible for a license;
(B) Category II -- Violations that create a present threat to public health or safety;
(D) Category III -- Violations that create a potential threat to public health or safety
(E) Category IV -- Violations that create a climate conducive to abuses associated with the sale or manufacture of marijuana items;
(F) Category V -- Violations inconsistent with the orderly regulation of the sale or manufacture of marijuana items.
(b) A proposed sanction schedule for the first and subsequent violations within a two-year period within each violation category is listed in Exhibit 1, incorporated by reference.
(c) If the Commission finds aggravating or mitigating circumstances, it may assess a greater or lesser sanction from the proposed sanctions listed in Exhibit 1. Mitigating and aggravating circumstances include but are not limited to:
(A) Good faith efforts by a licensee, permittee or certificate holder to prevent a violation;

(B) Extraordinary cooperation from the licensee, permittee or certificate holder during the violation investigation that shows the licensee, permittee, or certificate holder accepts responsibility;

(C) A prior warning about compliance problems;

(D) Repeated failure to comply with laws;

(E) Efforts to conceal a violation;

(F) The violation involved more than one customer or employee;

(G) The violation involved an individual under the age of 18; or

(H) The violation resulted in injury or death.

(d) The Commission may always increase or decrease a sanction to prevent inequity or to take account of particular circumstances in the case.

(6) The Commission increases sanctions based on successive violations in the same category within a two-year period. For example, if a licensee, permittee, or certificate holder who has committed one Category III violation and one Category IV violation within the past two years, commits another Category III violation, the Commission assesses the sanction at the second level for the pending Class III violation. Numerous violations within the two-year period, regardless of the type, may indicate such a disregard for the law or failure to control the premises so as to warrant cancellation of the license, permit or certificate.

(7) A licensee may not avoid the sanction for a violation or the application of the provision for successive violations by changing the corporate structure for example, by adding or dropping a partner or converting to another form of legal entity when the individuals who own, operate, or control the business are substantially similar.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 29, Chapter 614, Oregon Laws 2015

Exhibit 1, OAR 845-025-8590

Oregon Liquor Control Commission

Recreational Marijuana Sanctions

Category	1st	2nd	3rd	4th	5th	6th	7th
I	Cancel						
II	30 days	Cancel					
III	10 days or $1650	30 days or $4950	30 days	Cancel			
IV	7 days or $1155	10 days or $1650	20 days or $3300	30 days	Cancel		
V	3 days or $495	7 days or $1155	10 days or $1650	20 days or $3300	30 days	Cancel	

Categories for Most Common Violations

Category	Violation
I	
	Conviction of a felony
	Operating other than the license permits
	Intentional false statement to the Commission
	Intentional destruction or concealment of evidence
	Permitted noisy, disorderly or unlawful activity that results in death or serious physical injury, or that involves unlawful use or attempted use of a deadly weapon against another person, or that results in a sexual offense which is a Class A felony, such as first degree rape, sodomy, or unlawful sexual penetration
	Failure to notify prior to complete change of ownership/allowed interest in licensed business without prior Commission approval
	Operated licensed business while suspended

Category	Violation
II	False statement or representation to Commission
	Destruction or concealment of evidence (other than intentional)
	Failure to promptly admit regulatory specialist or law enforcement into licensed retai premises
	Under the influence of intoxicants while on duty
	Failure to verify the age of a minor (intentional)
	Denial of access by law enforcement or regulatory specialist to the licensed premises during regular business hours
	Permitted noisy, disorderly or unlawful activity that involves use of a dangerous weapon against another person with intent to cause death or serious physical injury
	Failure to promptly admit regulatory specialist or law enforcement onto the licensed premises when premises appear closed (for producer, processor, wholesale or lab licensees, and research certificate holders)
	Failure to permit premises or records inspection

Category	Violation

III	Permitted minor to enter or remain in a prohibited area
	Conviction of a crime other than a felony (licensee)
	Permitted sales by an employee without a marijuana handler permit
	Sold or made recreational marijuana available to a visibly intoxicated person
	Failure to verify the age of a minor (other than intentional)
	Consumption of marijuana, alcohol or other intoxicants while on duty
	Permitted consumption (by employees, customers or the public) of alcohol, marijuan or other intoxicants on the licensed premises or in areas adjacent to the licensed premises under licensee's control (such as parking lots)
	Failure to keep required records (other than as required in 845-025-7500, seed-to-sal tracking requirements)
	Permitted disorderly activity
	Permitted unlawful (under state law) activity
	Failure to complete manifest before transport
	Failure to pay taxes to the Department of Revenue

Category	Violation
IV	Operated the licensed business after lawful hours for sale of marijuana items (retail licensees)
	Removed, altered or covered license suspension or other required notice sign
	Advertising violations

Category	Violation
V	
	Permitted marijuana items to be given as a prize (retail licensees)
	Failure to notify the Commission of a temporary closure of the licensed business (all licenses and certificates)

Exhibit 2
Draft Marijuana regulations and
Related Zoning Ordinance amendments

ARTICLE II PROCEDURES FOR MAKING LAND USE DECISIONS

Section 2.060 Application

1. (g) Minor Use Permits

ARTICLE III USE ZONES

Section 3.040 Timber Zone (T)

Section 3.042A. Conditional Uses Subject to Administrative Approval by the Director.

Section 3.042B. Minor Uses Subject to Administrative Approval by the Director.

The following uses may be allowed provided a land use application for a Minor Use Permit is submitted pursuant to Section 2.060 of the Curry County Zoning Ordinance and the Planning Director approves the proposed use based upon relevant standards for review in this ordinance. Numbers in parenthesis following the uses indicate the standards described in Section 7.040 that must be met to approve the use.

1. Marijuana production and processing.(20)

Section 3.050 Forest Grazing Zone (FG)

Section 3.052A. Conditional Uses Subject to Administrative Approval by the Director.

Section 3.052B. Minor Uses Subject to Administrative Approval by the Director.

The following uses may be allowed provided a land use application is submitted for a Minor Use Permit pursuant to Section 2.060 of the Curry County Zoning Ordinance and the Planning Director approves the proposed use based upon relevant standards for review in this ordinance. Numbers in parenthesis following the uses indicate the standards described in Section 7.040 that must be met to approve the use.

1. Marijuana production and processing. (20)

Section 3.060 Agricultural Zone (AFD)

Section 3.062A. Conditional Uses Subject to Administrative Approval by the Director.

Section 3.062B. Minor Uses Subject to Administrative Approval by the Director.

The following uses may be allowed provided a land use application is submitted for a Minor Use Permit is submitted pursuant to Section 2.060 of the Curry County Zoning Ordinance and the Planning Director approves the proposed use based upon relevant standards for review in this ordinance. Numbers in parenthesis following the uses indicate the standards described in Section 7.040 that must be met to approve the use.

1. Marijuana production and processing. (20)

Section 3.070 Exclusive Farm Use (EFU)

Section 3.071 Uses Permitted Outright

13. Marijuana production and processing; however the following are prohibited: Farm Stands, Commercial Activities in conjunction with a marijuana crop, and new dwellings used in conjunction with a marijuana crop; these include primary farm dwellings, accessory farm dwellings, and relative farm help dwellings.

3.072.A Conditional Uses Subject to Administrative Approval by the Director

3.072.B Minor Uses Subject to Administrative Approval by the Director

13. Non-residential agricultural buildings in conjunction with marijuana production and processing consistent with Section 7.040.20.03 (A-M).

14. On-farm smaller scale processing building 5,000 square feet or less in floor area conjunction with marijuana production and processing consistent with Section 7.040.20.03 (A-M).

Section 3.130 Rural Commercial Zone (RC)

Section 3.132A. Conditional Uses Subject to Administrative Approval by the Director.

Section 3.132B. Minor Uses Subject to Administrative Approval by the Director.

The following uses may be allowed provided a land use application is submitted for a Minor Use Permit pursuant to Section 2.060 of the Curry County Zoning Ordinance and the Planning Director approves the proposed use based upon relevant standards for review in this ordinance. Numbers in parenthesis following the uses indicate the standards described in Section 7.040 that must be met to approve the use.

1. Marijuana retail sales. (20)

Section 3.140 Rural Resort Commercial Zone (RRC)

Section 3.142A. Conditional Uses Subject to Administrative Approval by the

Director.

Section 3.142B. Minor Uses Subject to Administrative Approval by the Director.

The following uses may be allowed provided a land use application is submitted for a Minor Use Permit pursuant to Section 2.060 of the Curry County Zoning Ordinance and the Planning Director approves the proposed use based upon relevant standards for review in this ordinance. Numbers in parenthesis following the uses indicate the standards described in Section 7.040 that must be met to approve the use.

1. Marijuana retail sales. (20)

Section 3.150 Light Commercial Zone (C-1)

Section 3.152A. Conditional Uses Subject to Administrative Approval by the Director.

Section 3.152B. Minor Uses Subject to Administrative Approval by the Director.

The following uses may be allowed provided a land use application is submitted for a Minor Use Permit pursuant to Section 2.060 of the Curry County Zoning Ordinance and the Planning Director approves the proposed use based upon relevant standards for review in this ordinance. Numbers in parenthesis following the uses indicate the standards described in Section 7.040 that must be met to approve the use.

1. Marijuana retail sales. (20)

Section 3.160 Light Commercial Zone (C-1)

Section 3.162A. Conditional Uses Subject to Administrative Approval by the Director.

Section 3.162B. Minor Uses Subject to Administrative Approval by the Director.

The following uses may be allowed provided a land use application is submitted for a Minor Use Permit is submitted pursuant to Section 2.060 of the Curry County Zoning Ordinance and the Planning Director approves the proposed use based upon relevant standards for review in this ordinance. Numbers in parenthesis following the uses indicate the standards described in Section 7.040 that must be met to approve the use.

1. Marijuana retail sales. (20)

ARTICLE VII. CONDITIONAL AND MINOR USES

Section 7.010. Authorization to Grant or Deny Conditional Uses or Minor

Uses.

Uses designated in this ordinance as conditional uses or minor uses may be permitted, enlarged or altered in accordance with the requirements of Sections 7.020 through 7.040. In permitting a conditional use or minor use the County may impose conditions in addition to the provisions set for uses within each zone in order to protect the best interests of the surrounding property, the neighborhood, or the county as a whole. A change in use, the size of the site area of use, or a structure that is classified as conditional and in existence prior to the effective date of this ordinance shall conform to all provisions of this ordinance pertaining to conditional and minor uses.

Section 7.020. Application for Conditional Use or Minor Use.

A request for a conditional use or minor use, modification of an existing conditional use or minor use or an alteration of a discontinued nonconforming use may be initiated by filing an application in accordance with Article II of this ordinance. The application shall include plans of the proposed use, or modification of an existing use, or reinstatement of a discontinued nonconforming use.

Section 7.030. Notification of Public Agencies.

A. For conditional uses within the MA, CON, ER, AH, SW, and SO Zones, the County shall notify the following agencies by mail, not less than ten days prior to the date of the public hearing if the proposed conditional use relates to that agency:

1. State Agencies:
   a) Division of State Lands
   b) Department of Fish and Wildlife
   c) Department of Environmental Quality
   d) Department of Forestry

2. Federal Agencies:
   a) Army Corps of Engineers
   b) National Marine Fisheries Service
   c) U.S. Fish and Wildlife Service

3. Other Notification
   a) State Water Resource Department (uses including appropriation of water only)
   b) State Department of Geology and Mineral Industries (mining and mineral extraction only)
   c) State Department of Energy (generating and other energy facilities only)
   d) Department of Economic Development (docks, industrial, and port facilities, and marinas only)
   e) State Office of the Historical Preservation (historical structures and archeological sites)

f) State and Federal Scenic Waterways agencies (for all developmental permits within scenic river corridors).

B. For minor uses within all zoning districts the public agency related to the minor use shall be notified by the County not less than ten days prior to the date of issuance of the Minor Use permit.

Section 7.040. Standards Governing Conditional and Minor Uses.

In addition to the standards of the zone in which the conditional or minor use is located and the other standards in this ordinance, conditional and minor uses must meet the following standards:

1. Conditional Uses and Minor Uses Generally.

a) The County may require property line set-backs or building height restrictions other than those specified in Article IV in order to render the proposed conditional or minor use compatible with surrounding land use.

b) The County may require access to the property, off-street parking, additional lot area, or buffering requirements other than those specified in Article IV in order to render the proposed conditional use or minor use compatible with surrounding land uses.

c) The County may require that the development be constructed to standards more restrictive than the Uniform Building Code or the general codes in order to comply with the specific standards established and conditions imposed in granting the conditional use permit or minor use permit for the proposed use.

d) If the proposed conditional or minor uses involves development that will use utility services; the applicant shall provide statements from the affected utilities that they have reviewed the applicants' proposed plans. These statements shall explicitly set forth the utilities' requirements, terms and conditions for providing or expanding service to the proposed development and shall be adopted by the Commission or Director as part of the conditional or minor use permit.

e) If the proposed conditional use involves the development or expansion of a community or non-community public water system, the applicant shall submit a water right permit(s) or documentation that a permit is not required from the Oregon Water Resources Department which indicates that the applicant has the right to divert a sufficient quantity of water from the proposed source to meet the

projected need for the proposed use for next twenty year planning period.

f) If the proposed conditional use involves the development or expansion of a community or non-community public water system, the applicant shall install a raw water supply flow monitoring device (flow meter) on the water system and shall record the quantity of water used in the system on a monthly basis. The monthly record of water usage shall be reported to the Oregon Department of Environmental Quality ~~Curry County Department of Public Services-Planning Division and Health Department Sanitarian~~ on an annual basis.

g) If the proposed conditional use included the development or expansion of a community or non-community public water system and the use is located within the service area of a city or special district water system the applicant shall utilize the city or special district water system rather than developing an independent public water system. An independent community or non-community public water system can be developed for the use if the applicant can prove that it would be physically or economically not feasible to connect to the city or special district water system. The city or special district must concur in the conclusion that connection of the proposed use is not feasible.

7. **Home Occupation.**

a) The home occupation must be a secondary use of a dwelling or building accessory to a dwelling; except that a home occupation may not be authorized in a structure accessory to a resource use in a forest or agricultural zone.

b) Such use shall occupy no more than 30 percent (30%) of the floor area within a dwelling and no more than four hundred (400) square feet within an accessory building.

c) No materials or mechanical equipment shall be used which will be detrimental to the residential use of the property or adjoining residences because of vibration, noise, dust, smoke, odor, interference with radio or television reception, or waste products outside of the dwelling or enclosure.

d) No materials or commodities shall be delivered to or from the property which are of such bulk or quantity as to require delivery by a commercial vehicle or a trailer, or the parking of customer's

vehicles in a manner or frequency as to cause disturbance or inconvenience to nearby residents.

e) No advertising signs shall be allowed with the exception of one non-lighted sign indicating only the name and trade of the property owner as specifically approved by the County. This sign shall not exceed a size of (9) nine square feet.

f) No structural alterations shall be allowed to accommodate the home occupation except when otherwise required by law, and then only after the plans for such alterations have been reviewed and approved by the County. Such structural alterations shall not detract from the outward appearance of the building as an accessory structure to a residence.

g) A home occupation located on high value farm land may employ only residents of the home.

h) The following uses, as defined in Section 7.040.20.01(A) and (B) Definitions are prohibited as a home occupation:
   1. Marijuana wholesaling; and
   2. Marijuana retailing.

Section 7.040.20 Marijuana Production, processing, and retailing.

7.040.20.01a Applicability.

Section 7.040.20.01 applies to:
A. Marijuana production in the AFD, FG, EFU, and T Zoning Districts;
B. Marijuana processing in the AFD, FG, EFU, and T Zoning Districts; and
C. Marijuana retailing in the RC, RRC, C-1 and C-2 Districts.

7.040.20.01b Definitions.

i. Marijuana: The plant Cannabis family Cannabaceae, any part of the plant Cannabis family Cannabaceae, and the seeds of the plant Cannabis family Cannabaceae. Marijuana does not include industrial hemp as defined in Oregon Revised Statutes 571.300.

ii. Marijuana Items: Marijuana, cannabinoid products, cannabinoid concentrates, and cannabinoid extracts.

Marijuana Processing: The processing, compounding, or conversion of marijuana into cannabinoid products, cannabinoid concentrates, or cannabinoid extracts, provided that the marijuana processor is licensed by the Oregon Liquor Control Commission or after March 1, 2016, registered with the Oregon Health Authority.

iii. Marijuana Production: The manufacture, planting, cultivation, growing, trimming, harvesting, or drying of marijuana, provided that the marijuana producer is licensed by the Oregon Liquor Control Commission or after March 1, 2016, registered with the Oregon Health Authority and a "person designated to produce marijuana by a registry identification cardholder."

iv. Marijuana Retailing: The sale of marijuana items to a consumer, provided that the marijuana retailer is licensed by the Oregon Liquor Control Commission or registered with the Oregon Health Authority.

v. Marijuana Wholesaling: The purchase of marijuana items for resale to a person other than a consumer, provided that the marijuana wholesaler is licensed by the Oregon Liquor Control Commission.

7.040.20.02 Procedure.

A. Marijuana production and processing are permitted in the AFD, FG, and T Zoning Districts with a Minor Use Permit pursuant to Article VII, Sections 7.010, 7.020, 7.030 and Section 7.040 (20).

B. Marijuana retailing is permitted in the RC, RRC, C-1 and C-2 Zoning Districts with a Minor Use Permit pursuant to Article VII, Sections 7.010, 7.020, 7.030 and Section 7.040 (20).

7.040.20.03 Marijuana Production and Marijuana Processing in the AFD, FG, and T Zoning Districts.

Marijuana production and marijuana processing shall be subject to the following standards and criteria:

A. Minimum Lot Size. The subject property shall be a minimum of five acres.

B. Minimum Yard Depth/Distance from Lot Lines. Any area that is outside a fully enclosed building and is used for marijuana production shall be a minimum of 100 feet from all lot lines.

C. Indoor Production and Processing. Marijuana production and marijuana processing shall be located entirely within one or more completely enclosed buildings.

D. Maximum Building Space.

1. A maximum of 5,000 square feet of building space may be used for all activities associated with marijuana production on the subject property.

2. A maximum of 3,000 square feet of building space may be used for all activities associated with marijuana processing on the subject property.

3. If only a portion of a building is authorized for use in marijuana production or marijuana processing, a partition wall at least seven feet in height, or a height as required by the Curry County Building Division, whichever is greater, shall separate the marijuana production or marijuana processing space from the remainder of the building. A partition wall may include a door, capable of being closed, for ingress and egress between the marijuana production or marijuana processing space and the remainder of the building.

E. Access. The subject property shall have frontage on, and direct access from, a constructed public, county, or state road, or take access on an exclusive road or easement serving only the subject property. However, this standard will be waived if the property takes access via a private road or easement which also serves other properties and evidence is provided by the applicant, in the form of a petition, that all other property owners who have access rights to the private road or easement agree to allow the specific marijuana production or marijuana processing described in the application. Such evidence shall include any conditions stipulated in the agreement.

F. Lighting. Lighting shall be regulated as follows:

1. Light cast by light fixtures inside any building used for marijuana production or marijuana processing shall not be visible outside the building from 7:00 p.m. to 7:00 a.m. the following day.

2. Outdoor marijuana grow lights shall not be illuminated from 7:00 p.m. to 7:00 a.m. the following day.

3. Light cast by exterior light fixtures other than marijuana grow lights (e.g., security lights, driveway lights) shall not spill onto adjacent lots.

G. Odor. A building used for marijuana production or marijuana processing shall be equipped with an activated carbon filtration system for odor control.

1. The system shall consist of one or more fans and filters.

2. The fan(s) shall be sized for cubic feet per minute (CFM), and the filter(s) shall be rated for the applicable CFM.

3. The filtration system shall be maintained in working order and shall be in use.

4. Doors and windows shall remain closed, except for the minimum length of time needed to allow people to ingress or egress the building.

5. Negative air pressure shall be maintained inside the building.

6. An alternative odor control system is permitted if the applicant submits a report by a mechanical engineer licensed in the State of Oregon demonstrating that the alternative system will control odor as well or better than the activated carbon filtration system otherwise required.

H. Noise. The applicant shall submit a noise study by an acoustic engineer licensed in the State of Oregon. The study shall demonstrate that mechanical equipment used for heating, ventilating, air conditioning, or odor control will not produce sound that, when measured at any lot line of the subject property, exceeds 50 dB(A).

I. Security Cameras. If security cameras are used, they shall be directed to record only the subject property and public rights-of-way, except as required to comply with licensing requirements of the Oregon Liquor Control Commission (OLCC) or registration requirements of the Oregon Health Authority (OHA).

J. Water. The applicant shall submit:

1. A water right permit or certificate number from the Oregon Water Resources Department for the proposed marijuana production or marijuana processing;

2. A statement that water is supplied from a public or private water provider, along with the name and contact information of the water provider; or

3. Proof from the Oregon Water Resources Department that the water to be used for marijuana production or marijuana processing is from a source that does not require a water right.

K. Waste Management. Marijuana waste shall be stored in a secured waste receptacle in the possession of and under the control of the OLCC licensee.

L. Residency. One the following shall reside in a dwelling unit on the subject property:

1. An owner of the subject property;

2. A holder of an OLCC license for marijuana production, provided that the license applies to the subject property;

3. A holder of an OLCC license for marijuana processing, provided that the license applies to the subject property;

4. A person registered with the OHA as a person designated to produce marijuana by a registry identification cardholder, provided that the registration applies to the subject property; or

5. A person registered with the OHA as a person responsible for a marijuana processing site, provided that the registration applies to the subject property;

M. Exceptions. Marijuana production or marijuana processing, provided such production or processing is done pursuant to registration with the OHA, is not required to comply with Subsections 7.040.20.03 (F)(3) and (G) through (L), provided that the minimum front, rear, and side yard depths for any structure used for marijuana production or marijuana processing shall be 100 feet.

7.040.20.04 Marijuana Retailing

Marijuana retailing shall be subject to the following standards and criteria:

A. Hours. A marijuana retailer may only sell to consumers between the hours of 7:00 a.m. and 10 p.m. and may only permit consumers to be present in the building space occupied by the marijuana retailer between the hours of 7:00 a.m. and 10 p.m.

B. Odor. A building used for marijuana retailing shall be equipped with an activated carbon filtration system for odor control.

1. The system shall consist of one or more fans and filters.

2. The fan(s) shall be sized for cubic feet per minute (CFM), and the filter(s) shall be rated for the applicable CFM.

3. The filtration system shall be maintained in working order and shall be in use.

4. Doors and windows shall remain closed, except for the minimum length of time needed to allow people to ingress or egress the building.

5. Negative air pressure shall be maintained inside the building.

6. An alternative odor control system is permitted if the applicant submits a report by a mechanical engineer licensed in the State of Oregon demonstrating that the alternative system will control odor as well or better than the activated carbon filtration system otherwise required.

C. Window Service. The use shall not have a walk-up window or drive-thru window service.

D. Waste Management. Marijuana waste shall be stored in a secured waste receptacle in the possession of and under the control of the OLCC licensee or OHA registrant.

E. Minors. No one under the age of 21 shall be permitted to be present in the building space occupied by the marijuana retailer, except as allowed by state law.

F. Co-Location of Related Activities and Uses. Marijuana and tobacco products shall not be smoked, ingested, or otherwise consumed in the building space occupied by the marijuana retailer. In addition, marijuana retailing shall not be co-located on the same lot of record or within the same building with any marijuana social club or marijuana smoking club.

G. Minimum Separation Distances. Minimum separation distances shall apply as follows:

1. The use shall be located a minimum of 1,000 feet from a public elementary or secondary school for which attendance is compulsory under Oregon Revised Statutes 339.020, nor a private school or private or public pre-school, adult day facility, community center or church; including any parking lot appurtenant thereto and any property used by the school; or a private or parochial elementary or secondary school, teaching children as described in ORS 339.030(1)(a), including any parking lot appurtenant thereto and any property used by the school;

2. If the use is licensed by the Oregon Liquor Control Commission (OLCC) it shall be located a minimum of 1,000 feet from any other marijuana retailer so licensed by the OLCC.

3. If the use is registered with the Oregon Health Authority (OHA), it shall be located a minimum of 1,000 feet from any other marijuana retailer so registered with the OHA.

4. For purposes of Subsection 7.040.20.04 (G)(1), distance shall be measured from the lot line of the affected school property to the closest point of the building space occupied by the marijuana retailer. For purposes of Subsections 7.040.020.04(G)(2) and (3), distance shall be measured from the closest point of the building space occupied by one

marijuana retailer to the closest point of the building space occupied by the other marijuana retailer.

5. Subsection 7.040.20.04 (G) does not apply to any marijuana retailer that obtained full, unconditional approval of a registration from the OHA on or before March 31, 2015, that is operating in a building space where marijuana retailing activities approved by the OHA have been continuously occurring in that building space since May 31, 2014, except during the effective dates of the Medical Marijuana Facility Moratorium adopted pursuant to Curry County Ordinance 14-03.

6. In case of a conflict under Subsection 7.040.20.04 (G)(2) or (3), any person who has received approval of a Minor Use Permit for marijuana retailing, shall be deemed to have established marijuana retailing at the approved location, so long as the marijuana retailer begins operation within one year of the date of the County's final decision on the Minor Use Permit application. If more than one Minor Use Permit application is in process with the County at one time, the County shall issue decisions in the order in which complete applications were filed.

7.040.20.05 Approval Period

A. Approval of a Minor Use permit under Subsection 7.040.20.02 (A) is subject to the time periods and requirements specified in Section 7.060 related to Minor Use Permits. A complete application for a marijuana retailing license shall be filed with the Oregon Liquor Control Commission, within three months of the date of the County's final decision, or the approval will become void.

B. Approval of a Minor Use Permit under Subsection 7.040.20.02 (B) is subject to the time periods and requirements specified in Section 7.060 related to Conditional Use Permits.

7.060. Time Limit on a Permit for Minor Uses.

1. Authorization of a minor use, in general, shall become null and void after one year unless substantial construction of a structure for the authorized land use has been completed or the authorized land use is has taken place or an extension has been granted under Section 7.060 (4). Substantial construction in this case means obtaining all necessary permits required by governmental agencies to commence construction of any structures or to commence the principal activity permitted by the minor use permit.

2. Once the construction of the structure or facility specified in the minor use permit is completed or the authorized land use has commenced, the Minor Use Permit is considered to be issued on a permanent basis.

3. The Director may at his/her discretion issue Minor Use Permits which must be periodically reviewed to ascertain that the conditions of the permit are being complied with on a continuing basis.

4. The Director may grant one extension period to implement the Minor Use Permit for up to 12 months if:

   a) An applicant makes a written request for an extension;

   b) The request is submitted to the Director prior to the expiration of the approval period;

   c) The applicant states reasons that prevented the applicant from beginning development or land use within the approval period; and

   d) The Director determines that the applicant was unable to begin development or land use during the approval period for reasons for which the applicant was not responsible.

5. Approval of an extension granted under this section is not a land use decision and is not subject to appeal as a land use decision.

BOARD OF COMMISSION
WORKSHOP REPORT

Meeting Date: February 10, 2016

Prepared by: Carolyn Johnson, Planning Director

Subject: Review of Recreational Marijuana land use regulation alternatives.

Recommendation: Accept oral staff report, engage the public, discuss alternatives and provide direction for future action.

Summary: The purpose of this workshop is to provide an opportunity for the community to comment on whether Curry County regulations should be established for the production, processing and sale of recreational marijuana. The Planning Commission reviewed the matter in a public workshop on January 28, 2016; their comments are in this report.

Background: Measure 91 was approved by Oregon voters in November of 2014 and legalized marijuana for recreational purposes as of July 1, 2015. Measure 91 also gives the Oregon Liquor Control Commission (OLCC) the authority to tax, license and regulate recreational marijuana grown, processed and sold for commercial purposes.

The Oregon Legislature provided counties and cities an option to "opt-out" of permitting recreational marijuana by December 27, 2015. Oregon counties and cities who did not "opt-out" may not completely prohibit any of the defined types of marijuana-related land uses approved with Measure 91 without a vote of the people. Curry County did not opt-out.

Following the passage of Measure 91, the Oregon Legislature adopted laws giving counties and cities the authority adopt "reasonable regulations" for the production, processing and sale of recreational and medical marijuana. State law defines the variety of marijuana businesses:

- *Production*: manufacture, planting, cultivation, growing or harvesting of marijuana in Oregon.
- *Processing:* processing, compounding or conversion of marijuana into cannabinoid products, concentrates, or extracts; excluding packaging or labeling.
- *Wholesaling*: purchasing marijuana items in Oregon for resale to a person other than a consumer in Oregon.
- *Retailing*: selling marijuana items to a consumer in Oregon.

OLCC will license and regulate the commercial growing and selling of recreational marijuana. The OLCC regulations are vast; the regulations are attached as Exhibit 1 and dated December, 2015. The current rules are considered temporary as rulemaking is still underway. For additional information see the OLCC website at: http://www.oregon.gov/olcc/marijuana/pages/default.aspx.

OLCC began receiving license applications on January 4, 2016 and advises they will be phasing Producer (grower) licenses in early in 2016 followed by Processor and Wholesaler licenses. OLCC estimates that Retailer licenses will be issued in late summer or early fall of 2016. Once a license from OLCC is issued, the licensee may begin his/her business provided all state and local regulations are met. Enforcement of regulations will be the responsibility of the County Sheriff, State Police, and possibly other law enforcement agencies. [1]

Discussion:

While the State of Oregon has the ability to develop regulations for recreational marijuana, cities and counties may also adopt recreational marijuana land use permitting requirements/limitations. Should the BOC adopt recreational marijuana regulations, individuals and entities with recreational marijuana businesses would be required to comply with both State and County land use regulations. Should the BOC decline to adopt recreational marijuana regulations, the growing, processing and sale of marijuana would be treated no differently than any other farm crop (for growing and processing) or retail product (for retail and wholesale sales) except to be subject to State of Oregon OLCC requirements and limitations.

The Planning Commission's January 28, 2016 workshop included examination of three options related to the regulation of recreational marijuana. Each option the Planning Commission examined is noted on the following page and their comments are noted at the end of this report.

[1] Among other requirements for a license, applicants must provide OLCC with a Land Use Compatibility Statement (LUCS) from the local government agency annually noting whether the land use for a license to participate in a recreational marijuana activity is allowable in the zone where the activity is proposed. Applicants in Curry County work with the Community Development/Planning Division to request the LUCS forms.

Option 1 - Adopt County regulations for the production, processing and sale of recreational marijuana as noted in draft Curry County zoning regulations in Exhibit 2 and summarized below. (This option would also require compliance with all current and future State regulations found in Exhibit 1)

1) Creation of a Minor Use Permit process to accept applications for recreational marijuana production, processing, retailing and wholesaling.

2) In the Timber, Forest Grazing and Agricultural zones, permitting the production and processing of marijuana with a Minor Use Permit.

3) In the Exclusive Farm Use zone, permitting by right the production and processing of recreational marijuana (as permitted by State law); however the following would be prohibited: Farm Stands, Commercial Activities in conjunction with a marijuana crop, and new dwellings used in conjunction with a marijuana crop; these include primary farm dwellings, accessory farm dwellings, and relative farm help dwellings.

4) In the Exclusive Farm Use zone, permitting with a Minor Use Permit, non-residential agricultural buildings in conjunction with marijuana production and processing and on-farm smaller scale processing buildings of 5,000 square feet or less in floor area in conjunction with marijuana production and processing.

5) In the Rural Commercial, Rural Resort Commercial, Light Commercial and Heavy Commercial zones, permitting with a Minor Use Permit the retail sales of recreational marijuana.

6) Prohibiting recreational marijuana retailing and wholesaling as a Home Occupation.

7) Creating development standards and criteria for recreational marijuana production, processing and sales.

Option 1 would require the processing of a Minor Use Permit by the Community Development Department for growing, processing and selling recreational marijuana.

Option 2 - Add an initiative to the November 2016 ballot to opt out of the recreational marijuana framework established by the State of Oregon.

9,794 registered voters in Curry County voted on Measure 91 with 5,590 votes or 57% of the Curry County of the voters in favor of Measure 91 with 4,204 votes or 43% against the Measure. If the BOC selected this option for the November 2016 ballot for voter action, the production, processing and sale of recreational marijuana by individuals or business entities would be temporarily banned until the election results would be received.

While Option 2 would appear to fly in the face of the Curry County voters, it has been used by Deschutes County who had a similar favorable approval of Measure

91. Deschutes County recently went with this option to buy time to refine their local recreational marijuana regulations. In Deschutes County, if and when they can complete their regulations, their BOC can then repeal their authorization for an initiative and institute their local regulations. Should the review and decision making process appear to be too lengthy regarding what (if any) regulations need to be added to the County code to regulate recreational marijuana, the BOC could go with this option to take additional time to reach a decision.

Option 3 - Do not develop local regulations and rely on the State of Oregon for land use regulation of recreational marijuana.

Option 3 would require that individuals and entities comply with State law – those regulations are found in the OLCC Division 25 regulations related to Recreational Marijuana. See below the focus of these regulations (Exhibit 1).

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Planning Commission comments

Seven Planning Commissioners provided comments on the alternatives. Three Commissioners indicated a preference for Option 3 noting that OLCC regulations should be workable, provide needed public protection and relieve the County of expending very limited staff resources for additional regulation. Four Commissioners indicated that more information was needed before they were prepared to select an option to recommend to the BOC.

Planning Commission's comments and questions included:

Comment 1: The State is still in a state of flux with their regulations; the BOC should have a clear handle on the State regulations before deciding if/how the County should create land use regulations related to recreational marijuana.

Question 1: What is the hard timeline for the BOC to make a decision on this matter?

Question 2: Will the State provide funds for the County to enforce the new State regulations?

Question 3: Will the State provide notification to the County of marijuana growers, processors, retailers and wholesalers?

Question 4: If the BOC declines to develop regulations in the near future, can County regulations be established later if it appears that the State regulations are inadequate?

Advisement of the Oregon Association of Counties and/or OLCC on these questions is necessary; staff will seek to have answers at the February 10, 2016 BOC workshop.

Question 5: Can medical and retail marijuana entities co-exist in the same location? Beginning in October 2015, participating medical dispensaries can sell a one quarter ounce of marijuana flower to any adult over the age of 21. This provision sunsets on December 31, 2016. Beginning in 2016 medical marijuana growers may apply for an OLCC license to sell their excess product into the recreational market. State regulations are currently in place that would differentiate and separate the sales of both medical marijuana and recreational marijuana in one location.

Question 6: Is there a Medical Marijuana ordinance in place in Curry County? Yes, a Medical marijuana ordinance was adopted by the BOC in 2015.

Commissioners Karen Kennedy and Maggie McHugh were requested to attend the workshop and share the opinions of the Planning Commission on this matter. Commissioner Kennedy is not able to participate in the workshop in person but her e-mail comments follow:

From: Karen Kennedy [mailto:goldbeachkaren@gmail.com]
Sent: Sunday, January 31, 2016 3:54 PM
To: Carolyn Johnson
Subject: Re: request for some of your time, Wednesday, Feb 10 at 10 AM

Hi Carolyn,

Since I'm unable to attend the BOC meeting on the 10th due to a previous appointment I'd like to share my personal thoughts on proposed recreational marijuana land use regulations.

I am currently in favor of leaving compliance with the State. The state has spent numerous hours and resources working through the various issue involved with recreation marijuana. My decision is, however, based on the assumption that if we wait and a problem arises that is not being addressed or resolved as we would like (as a planning commission) we would have the right to enact land use measures to combat those issues. The other assumption is that the state is required to supply the county and cities a list of all OLCC Marijuana license holders (of all types). Said list will contain addresses and owner names as well as what type of license(s) they possess. This list can be used for law enforcement and fire/safety personnel.

As far as land use, I would agree with the same outright uses a tobacco grower, distillery or commercial resaler (depending on OLCC license).

I feel OLCC has been proactive in regulating for odor, sight lines, security etc. With our lack of personnel on the county/cities levels, any extra regulations will be time consuming and, in most case, not enforced.

Thank you for your listening to my personal beliefs. I know this is a hot topic in our county but the majority of the voters voted for legalization and it is our job to do as the majority desires, while protecting our resources to the best of our ability.

Karen Kennedy

Finally, the Planning Commission requested the Board of Commission provide additional time for the Planning Commission to review the recreational marijuana regulation matter and return to the BOC with a recommendation.

Exhibits

Exhibit 1 - the current OLCC regulations related to recreational marijuana
Exhibit 2 - draft Curry County land use regulations related to recreational marijuana