



**Recreational Marijuana**  
**OLCC Commission Education**  
*Steve Marks, Executive Director*  
*September 25, 2015*



“The Oregon Liquor Control Commission will work with other state agencies to implement Measure 91 with a great amount of accountability through a transparent and public process.”

OLCC Press Release

November 5, 2014

# OLCC Commitment to Engagement

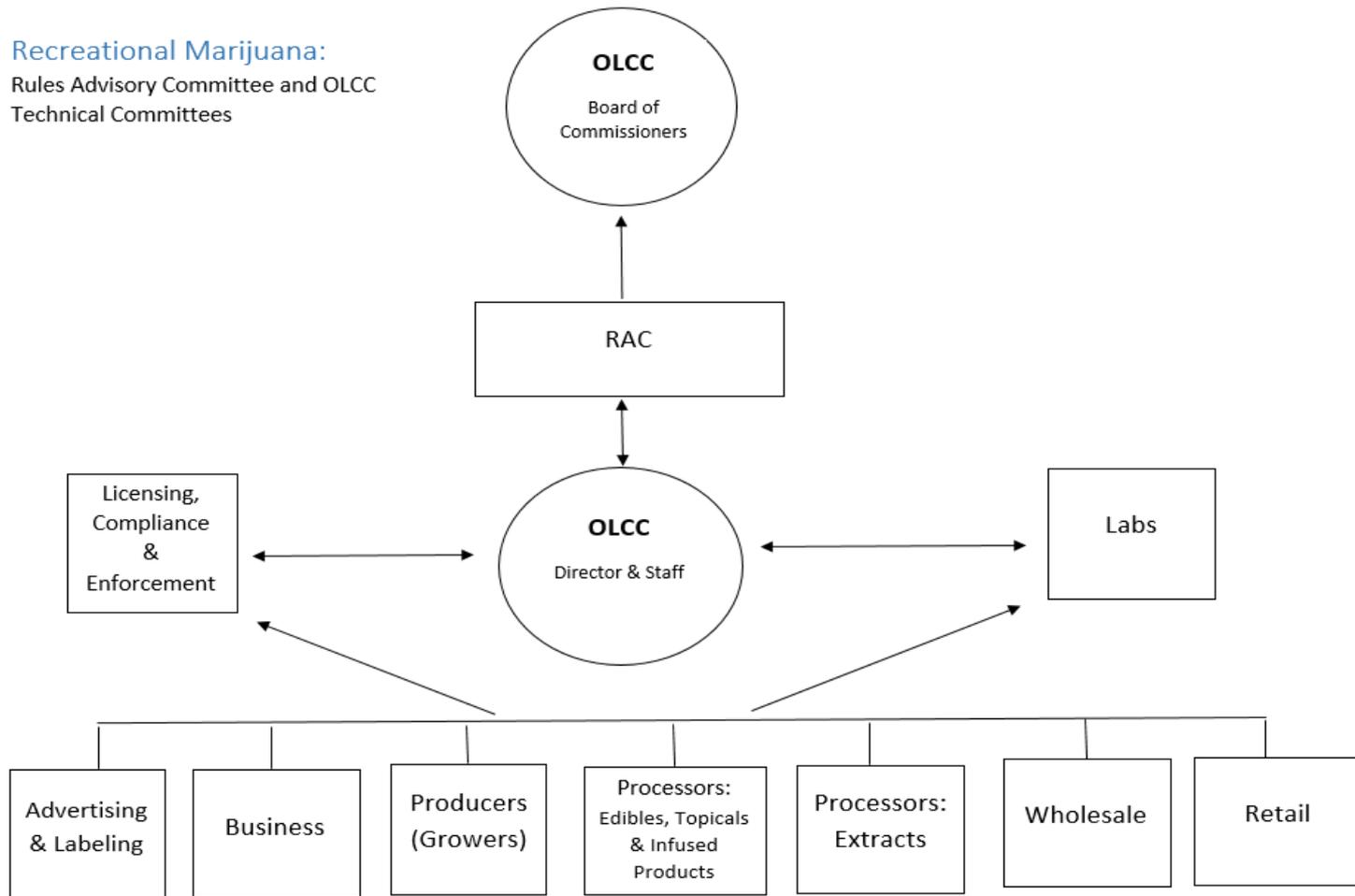
- ❧ Website: 800,000 hits, central clearing house for information [www.marijuana.Oregon.gov](http://www.marijuana.Oregon.gov)
- ❧ Gov Delivery: list serv grew from 2,800 subscribers to over 16,000 – provides announcements and rule updates
- ❧ Online survey: 16,500 participated, identified priorities, informed community meeting process
- ❧ Listening meetings: 11 cities, 3,000 participants, many involved or planning to be involved in industry
  - ❧ Messages from public meetings: Protect children, protect small marijuana grower, don't over regulate, create economic opportunity, diminish the illegal market

# OLCC Commitment to Engagement

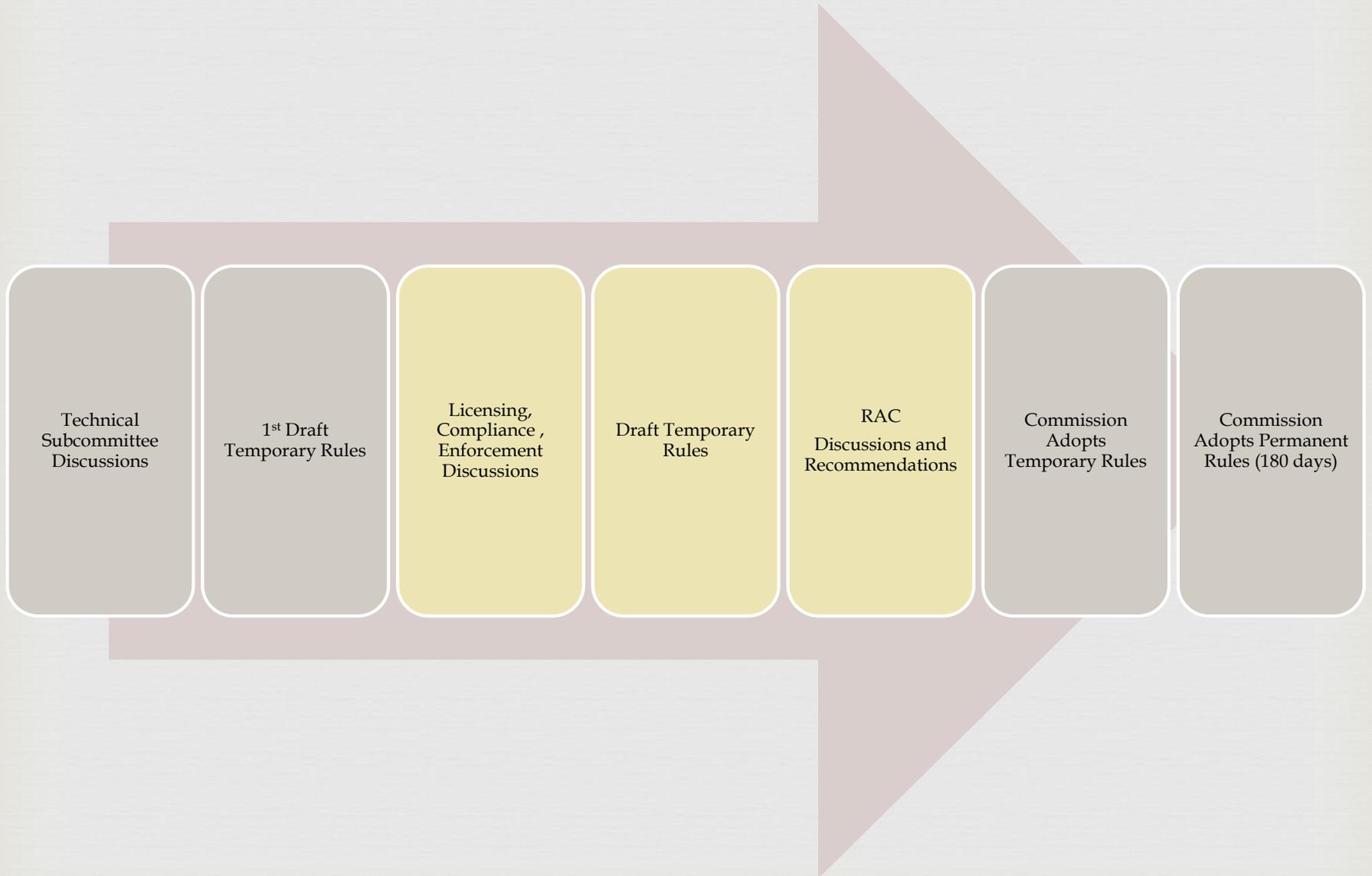
- ❧ Technical Subcommittees and Rules Advisory Committee
  - ❧ 100+ participants (industry leaders, law enforcement, local government)
  - ❧ 35 meetings to date, 3 more scheduled
  - ❧ Process: charter, scope of work, homework, discussions, recommendations
  - ❧ Vigorous debate
  - ❧ Progress: 80% rules under review, 20% more to come

# The Process for Building the Rules

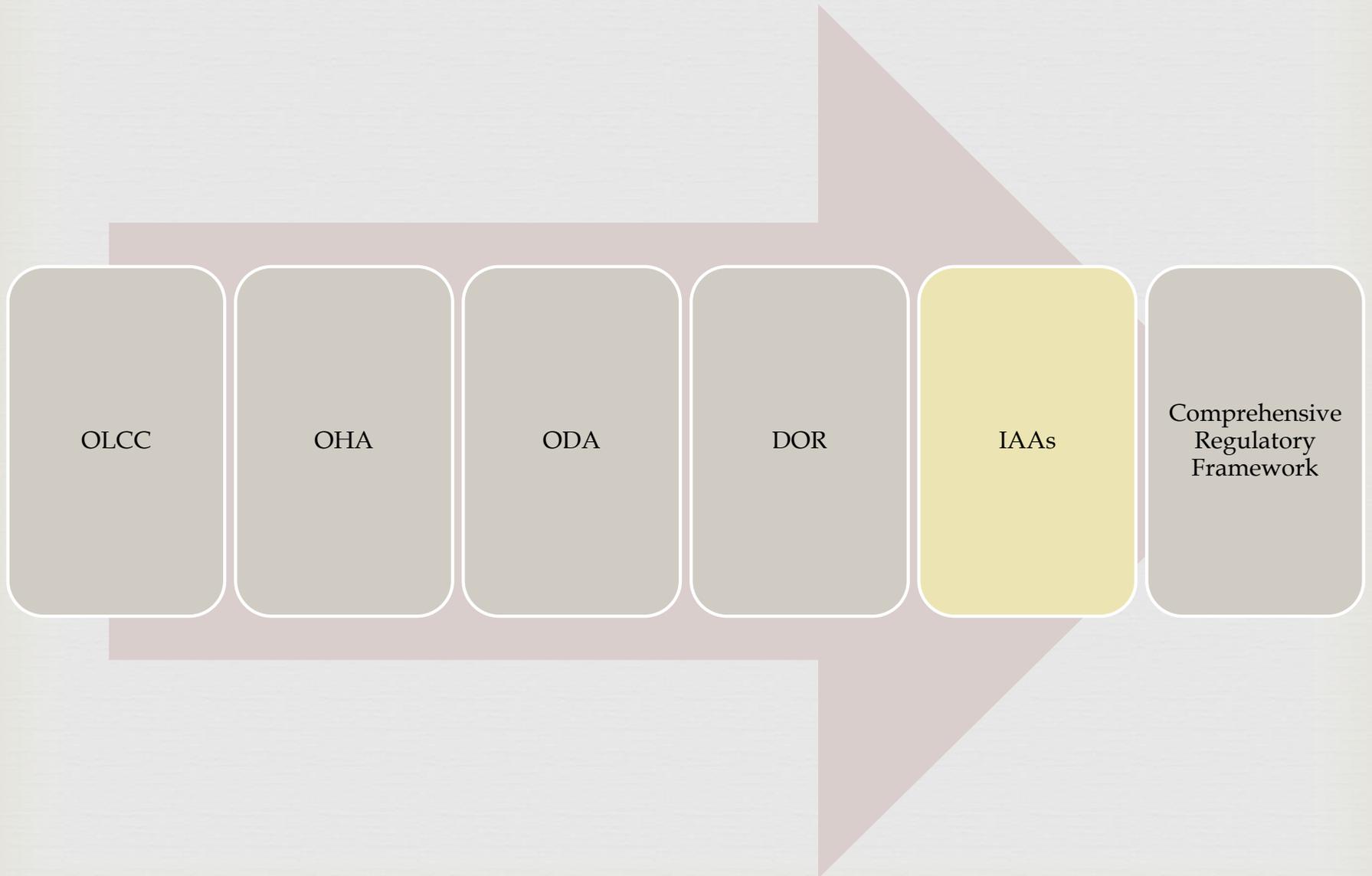
Recreational Marijuana:  
Rules Advisory Committee and OLCC  
Technical Committees



# Timeline



# Interagency Coordination



# Rules Chapters

<i>Application and License Requirements</i>	Marijuana Handlers Permit
<i>Producer License Requirements</i>	Recordkeeping and Inventory Tracking
<i>Processor License Requirements</i>	<i>Security</i>
Wholesale License Requirements	<i>Transportation</i>
<i>Retail License Requirements</i>	Waste Disposal
<i>Retail Delivery</i>	Minor Control Plan
Laboratory License Requirements	<i>Packaging</i>
Research Certificate	<i>Advertising</i>
Producer Opt-in	<b>Compliance &amp; Sanction Schedule</b>

*Bold Italics* = reviewed by RAC; *Italics* = reviewed by RAC subcommittee; Plain = To be Reviewed

# Complex Issues

## ❧ Rulemaking

- ❧ Residency

- ❧ Canopy Limits

- ❧ Fees

- ❧ Advertising and Packaging

- ❧ Pesticides

- ❧ Edibles

## ❧ Other

- ❧ Co-location with Medical Dispensaries

- ❧ Intersection with Local Authority

- ❧ Intersection with Liquor Licenses

# Residency

## ❧ Goal:

- ❧ Ensuring Oregon residency and ownership while providing for diverse business structures and capital investment

## ❧ Statute:

- ❧ Requires applicant to be both an Oregon resident and the legitimate owner of the business

## ❧ Draft rule definitions:

- ❧ Oregon residents (or group of Oregon residents) must own at least 51% of business
- ❧ Non-resident owners must not be “directly involved” in the operation or management of the business

## ❧ Challenge:

- ❧ Balancing the residency requirements with complex governance structures of organizations

# Canopy Limits

## ☞ Goal:

- ☞ Setting canopy limits that provides for broad market entry, efficient business operations, and meets market demands

## ☞ Statute:

- ☞ Consider market demand when setting canopy limits
- ☞ Set canopy limits to reflect equivalent yields for indoor and outdoor grows

## ☞ Challenges:

- ☞ Estimating market demand with insufficient data
- ☞ Setting canopy size limits when there are unlimited numbers of licensees
- ☞ Matching canopy size to successful business operations

# Canopy Recommendations

<b>4:1 ratio</b>		
<b>Indoor</b>	<b>Outdoor (sq ft)</b>	<b>Outdoor (acres )</b>
5,000 square feet	20,000 square feet	0.5
10,000 square feet	40,000 square feet	0.9
21,802.50 square feet	87,210 square feet	2.0
<b>6:1 ratio</b>		
<b>Indoor</b>	<b>Outdoor (sq ft)</b>	<b>Outdoor (acres )</b>
5,000 square feet	30,000 square feet	0.7
10,000 square feet	60,000 square feet	1.4
14,535 square feet	87,210 square feet	2.0

# Fees

## ☞ Goal:

- ☞ Set fees that are reasonably calculated to cover the cost of administering the recreational marijuana program

## ☞ Statute:

- ☞ Set fees that recover, but not exceed, the cost of administration
- ☞ Fees for each license type cannot exceed the cost to administer that license type
- ☞ Budget Note: tier fees for all license types; fees must be less than those charged by OHA

## ☞ Challenges:

- ☞ Creating a rationale for license fee and tiers
- ☞ Detailed accounting for each license type (interdependent)
- ☞ OLCC sets fees before OHA
- ☞ Local fees

# Advertising

## ❧ Goal:

- ❧ Create understandable advertising rules that can be applied consistently across all license types

## ❧ Statute:

- ❧ Adopt rules to prohibit advertising that is appealing to minors, promotes excessive use, promotes illegal activity, or otherwise presents a significant risk to health and public safety

## ❧ Draft rule:

- ❧ No cartoon characters
- ❧ No advertising in media that targets children
- ❧ No consumption of products in advertising

## ❧ Challenges:

- ❧ Creating effective tools to challenge prohibited advertising
- ❧ Encouraging effective industry self regulation

# Packaging and Labeling

## ❧ Goal:

- ❧ Create understandable packaging and labeling rules that can be applied consistently across all license types

## ❧ Statute:

- ❧ OLCC adopts standards for packaging, preapproval
- ❧ OHA adopts standards for labeling, dosage, and testing
- ❧ Requires child resistant packaging

## ❧ Challenges:

- ❧ Requirements for products that are not consumed in one sitting
- ❧ Requirements for preapproval of packaging
- ❧ Packaging related to serving size

# Pesticides

## ❧ Goal:

- ❧ Prevent the sale of marijuana products that contain prohibited pesticides

## ❧ Statute:

- ❧ OHA certifies labs, OLCC licenses labs
- ❧ ODA guidance, compliance

## ❧ Challenges:

- ❧ No federal approved pesticide labels for marijuana
- ❧ High cost of testing
- ❧ Number of certified labs
- ❧ Pest loss in marijuana grows

# Edibles

## ❧ Goal:

- ❧ Assure product safety

## ❧ Statute:

- ❧ OLCC responsible for packaging, licensing processors

- ❧ ODA responsible for food establishments, ingredient list

- ❧ OHA responsible for dosage, label requirements, testing

## ❧ Challenges:

- ❧ Child proof packaging

- ❧ Eco-friendly packaging

- ❧ Preserving freshness

- ❧ Understanding and communicating dosages

- ❧ Product innovation

# Other Issues

- ❧ Co-location with medical dispensaries
  - ❧ Expectations
  - ❧ If desired, statutory solutions would be required
- ❧ Intersection with local government
  - ❧ Opt out 7 counties, 21 cities (Dec. 27 deadline) – 9 referrals
  - ❧ Timing of Land Use Compatibility Statement
  - ❧ Alignment of complex rules
  - ❧ Enforcement of non-licensed activity
- ❧ Intersection with liquor licensees and temporary sales permits
  - ❧ Federal oversight of alcohol
  - ❧ Definition of public place
  - ❧ Marijuana infused alcohol

# Next Steps

- ❧ Recommendations to RAC - Oct. 2015
- ❧ RAC recommendations to Commission - Oct. 2015
- ❧ Commission adopts temporary rules - Oct. - Nov. 2015
- ❧ Training: Online license application tool - Dec. 2015
- ❧ Accept applications - Jan. 2016
- ❧ Training: Seed-to-sale tracking - Jan. - Feb. 2016
- ❧ Oregon Legislative Session - Feb. 2016
- ❧ Grower, Processor Licenses issued - 1st Quarter 2016
- ❧ Public hearings on final rules - 2nd Quarter 2016
- ❧ Commission adopts final rules - 2nd or 3rd Quarter 2016
- ❧ Licensed retail stores begin operating - Fall 2016

