Implementing recreational marijuana in Oregon

May, 2015
The Basics

• Measure approved by voters in November, 2014.
• Gives OLCC authority to tax, license and regulate.
• Four license types:
  – Producer (grower)
  – Processor
  – Wholesaler
  – Retail
• Licensees may hold multiple types of licenses
The Basics

• Excise tax is paid by the grower
  – $35 per oz. for flowers
  – $10 per oz. for leaves
  – $5 for immature plants

• Net Revenue Distribution
  – 40% to Common School Fund
  – 20% to Mental Health Alcoholism and Drug Services
  – 15% to State Police
  – 10% to Cities For Law Enforcement
  – 10% to Counties for Law Enforcement
  – 5% to Oregon Health Authority For Alcohol and Drug Abuse Prevention
The Basics

• The act does not affect the Oregon Medical Marijuana Program.
• The act allows home grow of up to 4 plants and 8 oz. per residence beginning July 1, 2015.
• The act prohibits consumption in public.
• The act does not allow local governments to tax marijuana.
• Localities may “opt out” through a general election.
Federal Considerations

• Marijuana remains illegal under federal law.
• On August 29, 2013, the US Department of Justice issued guidance to states that have legalized recreational marijuana
Federal Guidance:

1. Preventing the distribution of marijuana to minors;
2. Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs and cartels;
3. Preventing the diversion of marijuana from where it is legal under state law to other states;
4. Preventing state-authorized activity from being used as a cover for illegal activity;
5. Preventing violence and the use of firearms in the cultivation and distribution of marijuana;
6. Preventing drugged driving and other adverse public health consequences associated with marijuana use;
7. Preventing the growing of marijuana on public lands;
8. Preventing marijuana use on public property.
OLCC 2015-17 Budget Request

• $18.5 million revenue
• $10.5 million costs
“Seed-to-Sale” Tracking System

- Oregon will have an inventory tracking software to ensure that taxes are collected and inventory does not migrate from the legal market.
- Designed to allow for more effective audits and satisfy federal guidelines.
- Every plant is tracked via code from seedling to final sale to consumer.
- A vendor that will develop this software has been hired.
License Types

• **Producer:** The only license able to cultivate marijuana. Responsible for payment of tax at first point of sale.
• **Processor:** Packages and labels marijuana items. Also manufactures edible marijuana products and marijuana extracts.
• **Wholesale:** Buys and sells at wholesale.
• **Retail:** Sells marijuana items at retail to adults over 21.
Timeline for Implementation

- January-March 2015: Community meetings
- February-June, 2015: Legislature in session
- **July 1, 2015**: Personal possession and home production become legal
- March-October, 2015: Rule making
- November, 2015: Adopt rules
- **January 4, 2016**: Begin accepting applications for licenses
- Late 2016: Retail sales begin
OLCC Engagement So Far

- Marijuana.oregon.gov – more than 350,000 hits since November 5
- E-mail listserve has nearly 14,000 subscribers
- Community meeting planning survey had over 16,000 responses in just one week
- Listening sessions in 11 communities – Baker City, Pendleton, Salem, Eugene, Ashland, Klamath Falls, Bend, Beaverton, Clackamas, Newport and Portland
- More information at marijuana.oregon.gov
Marijuana Rules Advisory Committee

• Appointed in May
• Members with expertise in the range of issues related to Measure 91, including
  • Law enforcement
  • Local Government
  • Industry – Grower, processor, testing, kitchen, retail
• Diversity and regional representation
• Business knowledge
• Subcommittees of subject matter experts on key issues
Recreational Marijuana:
Rules Advisory Committee and OLCC
Technical Committees

OLCC
Board of Commissioners

RAC

OLCC
Director & Staff

Licensing, Compliance & Enforcement

Labs

Advertising & Labeling
Business
Producers (Growers)
Processors: Edibles, Topicals & Infused Products
Processors: Extracts
Wholesale
Retail
Role of Commissioners

- Guide policy
- Facilitate public engagement
- Support communication
- Adopt final rules