

**HUMAN SERVICES COMMITTEE
MINUTES
April 21, 2015**

Present

Councilor Mike Beilstein, Chair
Councilor Frank Hann
Councilor Bill Glassmire

Staff

Nancy Brewer, City Manager
Jon Sassaman, Police Chief
Jason Harvey, Police Lieutenant
Carrie Mullens, Meeting Recorder

Visitors

Kent Daniels
Stewart Wershow

SUMMARY OF DISCUSSION

| | Agenda Item | Recommendations |
|-----|---|---|
| | <i>Chair to call for corrections, if any, to April 21 HSC minutes</i> | |
| | Call to Order | 2:00 pm |
| I. | Marijuana-Related Ordinance | Amend Corvallis Municipal Code Section 5.03.040.02, "Marijuana" by means of an ordinance to be read by the City Attorney |
| II. | Other Business <ul style="list-style-type: none"> • Funding for parks maintenance, playground equipment, natural areas, and trails • Next quarter chair | Information Councilor Glassmire |
| | Adjournment | 3:18 pm |
| | Next Meeting | May 5, 2015, 2015, Madison Avenue Meeting Room, 500 SW Madison Avenue |

CONTENT OF DISCUSSION

I. Marijuana-Related Ordinance

Chief Sassaman explained that the passage of Measure 91 legalizes adult recreational marijuana use in Oregon. This requires Municipal Code amendments to align local law with the new legislation.

Lt. Harvey said Measure 91 takes effect on July 1, 2015. Current Corvallis marijuana-related laws prohibit activities allowed by the new State law. The proposed amendments closely mirror Measure 91 language and Corvallis' alcohol-related ordinances. He explained that Municipal Court has jurisdiction over misdemeanors and violations, not felonies; therefore, the proposed amendments are only related to and appropriate for Municipal Court. Prohibited felony activities included in Measure 91 are heard in Circuit Court. All amendments are in-line with the goal of preventing distribution to minors.

Chief Sassaman added that the City Attorney's Office reviewed materials and concurred with the proposed amendments. The Police Department meets with the local dispensary association on a monthly basis. The association also reviewed the materials and agreed that the language mirrors Measure 91. Although the association supports the language,

it opined that a party host should not be held accountable for a minor consuming marijuana. Chief Sassaman explained that the language is similar to the alcohol-related party hosting ordinance.

Lt. Harvey reviewed the proposed amendments:

- Unlawful possession of marijuana – prohibits anyone under the age of 21 to be in possession of marijuana without a medical marijuana card.
- Attempted purchase of marijuana by person under 21; entry of licensed premises by person under 21 – prohibits anyone under the age of 21 from purchasing marijuana or entering a business that sells marijuana.
- Use of marijuana in public place prohibited – consistent with Measure 91, marijuana use in public would be prohibited.
- Homegrown marijuana in public view prohibited – consistent with Measure 91, homegrown marijuana is prohibited (must be out-of-view or concealed; e.g., cannot grow in front yard).
- Providing marijuana to certain persons prohibited – similar to furnishing alcohol to minors, providing marijuana to minors is prohibited.
- Hosting party for minors – allowing marijuana use by minors in your home is prohibited.

Lt. Harvey noted that Council has three options to consider:

1. Do nothing; keep Municipal Code unchanged.
2. Adopt some or all of the proposed amendments.
3. Provide staff with alternative direction.

Chief Sassaman reiterated that the proposed amendments are a mirror image of State law that is effective July 1. If Council chooses option 1, all citations will go through Circuit Court. Amending the City ordinance allows violations to be adjudicated through Municipal Court. He clarified for Chair Beilstein that one advantage to adopting the proposed amendments is to collect the revenue from fines levied through Municipal Court. Without a local law, citations will be adjudicated through Circuit Court and the revenue collected goes to the State.

Ms. Brewer added that another advantage of citing through Municipal Court is the expense related to Officers appearing in court. Municipal Court is diligent about scheduling court appearances around an Officer's work schedule since the Department pays overtime when Officers are required to attend court outside of their regular schedule. Circuit Court does not consider an Officer's work schedule when scheduling appearances.

In response to Chair Beilstein's inquiries, Ms. Brewer clarified that the City is required to collect fees in addition to the Municipal Court fine. Those assessments have not yet been tied to local marijuana violations. The City currently collects \$100,000 to \$130,000 annually that is distributed to other entities (County jail fee, Victims Fund, Indigent Defense, Department of Justice, etc.). The fees are in addition to a court fine; e.g., a \$50 fine could include a \$15 surcharge making the total amount due \$65.

Chair Beilstein admitted that he does not entirely understand the system. The City expects to generate revenue from charging people with marijuana violations. He inquired

about where this type of revenue is included in the budget. Ms. Brewer explained that the monies are non-dedicated revenue in the General Fund. Revenue collected from fines is approximately \$650,000 annually. The Police Department's budget is \$11 million.

Chief Sassaman said there will be events in Corvallis where minors will be smoking marijuana in public and Officers will respond. It is an expense to the Department to respond to these issues. The revenue collected from citations can be kept in the City (option 2) or given to the State (option 1).

In response to Councilor Glassmire's inquiry, Chief Sassaman said diversion programs also exist in Circuit Court.

In regards to the letter from the US Attorney General (Exhibit C), Chief Sassaman explained that there is a conflict in marijuana-related laws between states and the federal government. For states legalizing marijuana, the federal government has indicated that their enforcement focus will be cases involving minors. The letter is a warning to states to deal with access to minors. Additionally, the federal government does not want local jurisdictions to take on drug cartels.

Chief Sassaman said Corvallis had one of the largest drug trafficking organizations in the State resulting in the longest prison sentence. There is a difference between recreational use and the black market illegal industry. The State has defined a legal open market and has designated amounts people can grow, sell, and possess as long as they are of age. The rules are clear. The Police Department will respond to people who operate outside of the rules.

Chair Beilstein noted that another issue is whether people can grow on public lands. The Attorney General letter speaks to federally owned land, not land owned by a local government. Although the City has discussed this issue, a decision has not been made.

Chair Sassaman opined that State legislation will most likely be amended in the near future. If Council adopts the proposed ordinance, it will need to be updated to correspond with State language. Businesses can apply to sell recreational marijuana in January 2016, although licensing by the Oregon Liquor Control Commission (OLCC) will not occur until later in 2016. The City is many months away from having an established retail location. It will be different than the medical marijuana dispensaries currently open. As OLCC navigates the administration of a registration process, there will likely be more discussions with the federal government.

Ms. Brewer added that Department Directors recognize there will be related land use discussions in the near future. As Measure 91 language is updated, changes will be needed in the Land Development Code, Comprehensive Plan, and zoning designations related to manufacturing facility locations, grow operations, edible manufacturing, and others. Adopting these amendments to the Municipal Code is the first step in preparing for the July 1 changes and clarifying the Police Department's role in responding to marijuana-related issues.

In response to Councilor Glassmire's inquiry, Chief Sassaman confirmed that OSU and the Police Department educate students about this issue and other student-related

issues. Ms. Brewer added that OSU has several "Welcome to Corvallis" brochures that City staff helped create to share with new students. The brochures include information about how to behave in the community, how to be a good neighbor, alcohol-related laws, etc. Currently, OSU is modifying the alcohol information to include marijuana use. City ordinances are noted in OSU materials.

Staff responded to the following:

Councilor Hann: What would a minor be charged with if they were cited for having marijuana?

Chief Sassaman: Minor in possession of less than one ounce of marijuana.

Councilor Hann: Are they at greater risk of damage to their permanent record?

Chief Sassaman: The amended ordinance, if adopted, would not change the violation status on their record, as long as it is less than one ounce.

Ms. Brewer: Less than one ounce is a violation; more than one ounce is a misdemeanor.

Chair Beilstein: It is a violation under current law to possess less than an ounce. In the future, it will no longer be a violation unless you are under 21.

[Clarified after the meeting: minor in possession of less than one ounce is a violation; minor in possession of more than one ounce but less than four ounces is a Class B misdemeanor; minor in possession of more than four ounces is a Class C felony.]

Councilor Hann: Can a minor accompany an adult into a recreational dispensary?

Chief Sassaman: No. The rules are the same as minors in bars.

Chair Beilstein: Restaurants can sell alcohol to adults in front of minors.

Chair Sassaman: The State is not considering blending marijuana retail with any other retail at this time. A minor with a medical marijuana card can enter a medical marijuana dispensary.

Councilor Hann: With the passage of Measure 91, can a parent offer their minor child marijuana in their personal residence?

Chair Sassaman: A parent and/or guardian cannot give their minor child or dependent marijuana in the privacy of their own home. A minor is only allowed marijuana if they have a medical marijuana card.

Councilor Hann: Is the language clear so that minors understand the boundaries?

Chief Sassaman: Anyone under the age of 21 who does not have a medical marijuana card cannot use or possess marijuana anywhere, time, or place, and no one can give marijuana to them. People over the age of 21 can possess up to one ounce in the general public, but they cannot smoke it in public. In the privacy of their own homes, adults over the age of 21 can possess up to eight ounces. Possessing more than eight ounces is criminal activity.

Councilor Glassmire: Is there anything else you wish was included in the ordinance?

Chief Sassaman: The State has made recreational use of marijuana legal. The Department will honor and respect that.

Councilor Hann: Is there a linkage between possession and weapons?

Chief Sassaman: When people want to protect illegal activities, weapons are involved.

Chair Beilstein opined that the legalization of marijuana reduces violence in society. People can satisfy their desire to use marijuana without the associated violence to criminality. He expressed concern about the provision that marijuana cannot be grown where it is visible and said he intends to grow marijuana as a gardener and for the interesting horticulture.

Chair Beilstein: The staff report includes an attachment with proposed Municipal Code language changes and a proposed ordinance.

Ms. Brewer: Exhibit A is the current ordinance with strike-out used for language proposed to be removed and redline used for new language. Exhibit D is the proposed ordinance for Council adoption based on the changes in Exhibit A. It is a clean version.

Chair Beilstein: Definition 2) "Marijuana extract" refers to only using vegetable glycerin as a solvent to extract resins. Why are the other solvents banned?

Chief Sassaman: The language mirrors State language and it does not explain why the other solvents are not allowed to be used in the process of making hash oil.

Councilor Hann: Where does the ordinance clarify that there is a separate category for possession of more than one ounce?

Chief Sassaman: State law clarifies that distinction.

Ms. Brewer: If someone under the age of 21 is caught possessing four ounces of marijuana, it would be a citation under State law and processed through Circuit Court.

Councilor Hann: Should the City reference State law for amounts above the legal limit, similar to references the City makes in Building and/or Fire Codes?

Chief Sassaman: It has not been done in similar ordinances and it would require changes each time the State amended legislation. It is probably not necessary. The proposed ordinance identifies what is and is not allowed at the local level.

Councilor Hann: The language needs to be clear so the public understands there are ramifications above and beyond the City's ordinance.

Ms. Brewer: Ignorance of the law is not a defense. Although there may be limitations within local law, a person is also expected to know State laws.

Chief Sassaman: Public outreach will include articles in the Corvallis Gazette-Time and OSU Barometer, social media, high school newspapers, education by the School Resource Officer, and other efforts.

The Committee unanimously recommends Council amend Corvallis Municipal Code Section 5.03.040.020, "Marijuana," **by means of an ordinance to be read by the City Attorney.**

Stewart Wershow noted that Oregon State Police (OSP) enforce State law on the OSU campus. OSP also does a good job of educating students.

II. Other Business

- Funding for parks maintenance, playground equipment, natural areas, and trails

Kent Daniels referred to a letter written by a group of concerned citizens (Attachment A) and submitted by the Central Park Neighborhood Association (CPNA). He announced that the League of Women Voters is discussing park districts. This is not a new idea and was discussed a few years ago in response to decreased funding for parks, recreation, natural areas, and trails. When Parks and Recreation Director Emery presented the Parks and Recreation Master Plan (Plan) to the Planning Commission in January, Mr. Daniels raised similar concerns. Feedback received during Plan development revealed the high value citizens place on natural areas, parks, and trails. This portion of the Parks budget is poorly funded and staffed. Citizens have testified about this several times at Parks, Natural Areas, and Recreation Advisory Board (PNARAB) meetings.

Mr. Daniels said he is not planning to take this issue forward to the Budget Commission because he believes this is a larger issue that the City Council needs to address. It would be nice if funds could be added to the budget to at least re-establish the maintenance work staff and Cornerstone provided in Central Park and the Riverfront Commemorative Park. The Parks Department is doing the best it can with limited staffing and funding. Staff cannot meet the demands of the system within the current budget. The Department's seasonal workforce has been reduced over the last five to seven years in amount of budget, number of workers, and length of season.

Mr. Daniels said the levy that was passed a few years ago provided adequate funding for Chintimini Senior Center and Osborn Aquatic Center. It did not include any new money for parks, natural areas, and trails. Since then, the budget has been reduced for parks, natural areas, and trails. He was told that there are additional reductions proposed for the 2015-16 Parks Department budget. Ms. Brewer indicated that this is not true.

Mr. Daniels noted that he uses natural areas and trails on a regular basis. He frequently hikes Bald Hill, McDonald Forest, and Greenbelt Land Trust open spaces. Some areas of Bald Hill became impassable in January partially due to damage caused by bicycles. Although bicycles are not allowed on unpaved trails anywhere in the city, there are no signs posted with that information. Staff installed temporary paper signs on Bald Hill but they were not posted in the correct areas and eventually torn down. The trail condition in Witham Oaks Natural Area is marginal and dangerous when wet. The oaks are being topped by fir trees. When Benton County has similar issues with trees, they have someone remove the firs and use the revenue generated by the timber to pay for the removal.

Mr. Daniels said there have been problems in Central Park for a long time. If an area looks bad it attracts bad behavior. There is graffiti on the port-a-potty, trash everywhere, and many invasive plant species. Central Park used to be immaculate. More Police Officer coverage in Central Park and Riverfront Commemorative Park would help; tactical action plans work. Washington Park neighbors have asked for benches, picnic tables, and signs. The historic Gaylord House is located in Washington Park. Without identifying signs, no one knows what the house is or why it is in the Park. Council has recently heard testimony about Franklin Park and he heard the City has decided to

provide matching funds for Franklin Park. Ms. Brewer confirmed that it is proposed in the 2015-16 Budget.

Mr. Daniels added that the 2008 Chintimini Senior Center levy failed by a few hundred votes. The levy included money for playground equipment and other Parks and Recreation related items. Other City Departments have a replacement fund for equipment and/or vehicles. There should be a replacement fund for playground equipment. The City should be able to fund playground equipment when it wears out or becomes dangerous. More than one year ago, a play structure was removed from one park without notice. It will cost approximately \$120,000 to replace the equipment. The neighborhood has been raising money and Friends of Corvallis Parks and Recreation is helping. It is difficult to raise that amount of funding. Arnold Park received a \$25,000 citizen donation toward playground equipment.

Mr. Daniels said the City needs to develop a short-term solution to increase the budget to bring parks back to how they used to look. This includes restoring the seasonal work force and non-profit organization that provided park maintenance (Cornerstone). Until this is dealt with, Mr. Daniels said he will not vote for another City levy. This is a priority that the City needs to deal with.

Mr. Daniels opined that a long-term solution should include a citizen task force to work with staff and PNARAB to create a proposal for a levy to develop and maintain Corvallis' parks, natural areas, and trails.

Chair Beilstein said City Council discussed these issues during goal setting. There are many unmet needs in the Parks and Recreation budget and other City Departments. The Sustainable Budget Goal includes a review of unmet needs and backlogged activities for Parks, Public Works, Police, and Fire. Staffing for Fire and Police is inadequate. The City Council intends to address these issues. Discussions have included limited and alternative resources and whether another fee can be added to the utilities bill. He does not favor this Committee making a recommendation to the full Council, but will share the information.

Mr. Daniels said one reason a parks district was discussed is because it would separate parks from other City services. The district would have its own budget and elected officials. Park districts have been successful in other areas of the State. High priorities for Corvallis citizens include parks, trails, and the senior center. Citizens have told him that they did not vote for the last levy because funding for Police was included.

In response to Councilor Glassmire's inquiry about how to determine the priorities of the community, Mr. Daniels said the process to develop a new Comprehensive Plan and Vision Statement is one way to acquire information and feedback. He does not support surveys and does not believe surveys provide useable information. Increasing citizen involvement on a task force with staff and PNARAB members would be beneficial.

Councilor Hann noted that Mark Shepard, the new City Manager, has experience in infrastructure analysis and condition assessment. This may provide a better grasp of the scope of problems related to unmet needs. He added that the City's bond measure that allowed the purchase of several green areas is about to expire. The City could

potentially consider a replacement bond to deal with some Parks issues such as parking near trailheads.

Ms. Brewer said the current bond expires in 2018-19. She previously directed Ms. Emery to begin working on language for a bond question structured at the same rate as the current bond so that when the current bond expires the new bond will not increase rates.

In response to Councilor Hann's inquiry about seasonal workers, Mr. Daniels said many of the Parks seasonal workers have been with the City for many years. Ms. Brewer added that the season typically runs from March until October. Jobs include skilled (tree work, mowing) and unskilled labor (trash pickup). Parks seasonal staffing has declined; however, every City Department has less staff and resources. Reductions began in 2002-03. Each Department is struggling to do the work they are required to do with less staff and resources.

Mr. Daniels opined that the top three most critical areas that need to be addressed are staff dedicated to natural areas, restoration and maintenance of parks (Central and Riverfront Commemorative), and identifying ways to raise revenue. The community must be involved in the revenue question and it may be possible to add a fee onto the utilities bill. Voter approval may be needed.

Mr. Daniels thanked Ms. Brewer for her efforts as City Manager. He said the City remained very stable and the transition has been seamless.

Councilor Hann noted that citizens are pitching in to do some work City staff used to do such as sweeping in front of The Arts Center. Mr. Daniels said the Master Gardeners maintain one corner of Central Park and the Neighborhood Association takes care of maintenance around The Arts Center.

Councilor Glassmire added that Council will be discussing alternative revenue sources. Mr. Daniels noted that the City of Ashland has a restaurant tax that provides a large amount of revenue to parks.

Ms. Brewer said Council received opposition to many alternative revenue discussions, including restaurant meal tax, admissions tax, business license fee, and others. Increasing the Transient Room Tax (TRT) would require the City to give five percent of any tax collected to the hoteliers to offset the administrative cost of collecting the tax. Corvallis would need to increase the TRT from 9% to 13-14% to gain \$25,000 in additional revenue. There are challenges to forming a park district. The City would need to under-levy the amount of the district, resulting in no net revenue to the City. Additionally, the land would no longer belong to the City. There are many challenges to funding alternatives that the Administrative Services Committee and the task force will work through.

Chair Beilstein said when alternative revenue sources were discussed in the past, Council ultimately chose a local option levy with the assumption that voters will support it. The idea of putting public safety on the utilities bill seemed rational, but upon further review it did not balance out financially.

Mr. Daniels added that he would prefer the City continue discussions with OSU about the admissions fee. OSU activities cost the City resources.

Mr. Wershow said the Sustainable Budget Task Force needs to understand the concern about parks maintenance. City parks within the City need to be a priority because they attract visitors.

- Next quarter chair – The Committee agreed that Councilor Glassmire will serve as Chair during the next quarter.

April 20, 2015

TO: Corvallis City Council

FROM: Courtney Cloyd, Central Park Neighborhood Association (CPNA)

RE: The Continuing Lack of Maintenance, Deterioration, and Degradation of our Parks, Natural Areas and Trails

For many of us who reside in the Corvallis area, the City's parks, natural areas, and trail systems are some of our most treasured resources. We believe there is a strong community expectation that the City will do everything possible to adequately maintain and care for these assets, in both the short term and the long term--and that additions and improvements to them will be made over time. In the process of developing the Parks and Recreation Department's new long-term facilities plan, residents of our community strongly indicated that parks, trails, and natural areas are among the most highly valued resources in our community.

The Parks and Recreation Department has a wonderful, dedicated, creative and hard-working staff. However, cuts in staffing and budgets over the last 5-10 years has made it impossible for them to adequately manage and care for these community resources. Their care and maintenance is the most poorly funded of any maintenance obligation and has the least staff support of any of the assets for which the Parks Dept. is responsible. Despite lasting community interest and support, cuts in the Parks budget over the last 5-10 years have sorely diminished these community treasures, the care of which appears often to have been forgotten.

For my neighborhood, the deterioration of our community's beloved Central Park is the primary example of unfunded maintenance and its long-term effects. As neighbors, we witness on a daily basis what has happened over the last 5-10 years. Central Park is no longer the Corvallis asset it once was. Trash is not picked up regularly, and the landscaping receives inadequate care. Weeds and invasive plants are neglected, including in the newly renovated plaza in front of the Arts Center. The park's playground equipment and adjacent surfaces have deteriorated and need to be replaced. Further, our park continues to be negatively affected by unlawful and unacceptable behavior by some people frequenting the park, including smoking, bringing dogs into the park, alcohol use, and illegal drug use and distribution. Fewer and fewer families with children, older residents, and people from the surrounding neighborhoods feel comfortable using or even walking through the park, because of the lack of adequate maintenance and our failure to address inappropriate behavior in the park.

Riverfront Park is also suffering from inadequate care and maintenance. Weeds are visible and dominant in many areas, and the riverbank is being taken over by invasive plant growth.

Corvallis's trails and natural areas also suffer from neglect because dedicated staff and/or resources are lacking. For example, many of the trails on Bald Hill this winter were partially unusable by hikers and walkers. In some spots, the trails turned into quagmires of ankle deep mud and water.

An example of the poor condition of Corvallis's natural areas can be seen at the Witham Oaks Natural Area, where many of the oak trees are being overtopped by firs and are slowly dying. This is important because Witham Oaks is one of the City's few remaining examples of the Oak Savannah that thrived across the Willamette Valley prior to the arrival of settlers in the 1830s.

The trails at Witham Oaks are in poor condition, dangerous when wet, in some places, and the natural area is being overrun by invasive plant species.

The City has no dependable, ongoing funding available to repair and/or replace (or add) playground equipment. For example, the playground equipment and structures in Franklin Park were removed a year ago for safety reasons, but there is no dependable funding available at all to replace this equipment. Residents of the neighborhood have had to raise this problem to visible levels with City officials to obtain any funding for the replacement of this equipment. Other parks have similar issues with playground equipment, shelters, picnic tables, and benches and signage.

Why is this happening, and what can be done to reverse this unacceptable situation? Surely one of the most important responsibilities of our elected City council representatives is to ensure that our highly valued and treasured community assets, especially our parks, natural areas, and trails, are protected and maintained to the highest and best level possible. If the resources for doing this are inadequate, then the community needs to be asked to step forward and help to provide the resources necessary to do so. Alternatively, the City council should identify new sources of revenue. What is needed in both the short term and the longer term?

First and foremost, our community must address immediate restoration of the budgets and staffing levels for parks, natural areas, and trails. Most residents are unaware of the huge cuts that have been made over the last 5-10 years in the Parks Dept. budgets and staffing for maintaining these items. The last 5-year levy that was passed provided funding for the Aquatic Center and the Senior Center, but did nothing to improve, much less restore, any funding for parks, trails and natural areas.

In the short term, it is critically important to restore the contract with Cornerstone (or some other similar organization) for regular, frequent, and ongoing maintenance and care for Central Park, Riverfront Park and all other City parks. Equally important is some increase in Parks Dept. staffing and budgets for those areas of responsibility. The current level of staffing for ongoing maintenance (fewer than two persons for the entire system) is entirely inadequate.

In the longer term, after this budget cycle, our City Council needs to put a high priority on addressing this serious and unacceptable situation by providing adequate year-around staffing and resources for:

- 1) The care and maintenance of our parks. Significant increases are needed in year-round staffing as well as restoration of the seasonal workforce hours and number of workers. Funding for maintenance contracts such as with Cornerstone, as mentioned above, should also be restored,
- 2) The care and maintenance of both our natural areas and our trail systems. Relying on volunteers to maintain these resources is not a viable, or responsible, long-term strategy. Staffing and budget needs to meet this deficit should be evaluated and funded.
- 3) Maintaining and replacing shelters, playground equipment, benches and picnic tables. Dedicated, permanent, ongoing funding should exist.
- 4) Planning, developing, and implementing a master plan for managing existing parks and acquiring new parks and natural areas. Current staffing and resources for long-term planning are either lacking or inadequate.

How do we find the resources to restore staffing and funding for our parks, natural areas and trails? **In the short term** there are a number of possible options, including:

- 1) Review and appropriately prioritize the use of current resources, and consider some new or modified sources of revenue. For example, review the use of the income received from the hotel room taxes, and reconsider current uses to give parks maintenance a higher priority.
- 2) Increase the hotel room tax from 9 to 11 % and dedicate as much as possible of the new revenue to parks maintenance.
- 3) Add a \$2.00 per month charge to the monthly utility bill for parks and natural area care and maintenance. This should be given at least as high a priority as is given to funding for transit services and road maintenance, which now account for **OVER 80%** of the use of the current added fees.

In the longer term, we need to consider a new levy in 2016 that adds adequate funding for parks, natural areas, and trails.

Many other community members support the suggestions raised in this letter, and look forward to working with our City Council to resolve the issues and problems in our parks, natural areas, and trails, including the following:

Kirk Bailey, Avery Homestead Neighborhood Association

Owen Dell, Civic Beautification and Urban Forestry Advisory Board

Audrey Hatch, Washington Park neighborhood

Mariana Mace, Washington Park neighborhood

Ruby Moon, Avery Addition neighborhood and Civic Beautification and Urban Forestry Advisory Board

Kent Daniels, Friends of Parks and Recreation and Central Park Neighborhood Association

Rebecca Sweet, Jobs Addition neighborhood

Stewart Wershow, Garfield Park Neighborhood Association

Thanks in advance, from all of us, for considering both short- and long-term solutions.

CORVALLIS POLICE DEPARTMENT

Memorandum

April 13, 2015

To: Human Services Committee

From: Jason Harvey, Lieutenant
Jim Brewer, City Attorney
Jonathan M. Sassaman, Chief of Police 

Subject: Corvallis Municipal Code 5.03.040.020 - Marijuana

ISSUE:

New ordinance proposal to Corvallis Municipal Code 5.03.040.020 resulting from the passage of Measure 91, legalizing adult recreational use of marijuana in Oregon.

BACKGROUND:

Prior to 1998, the possession of any amount of marijuana was illegal in Oregon (a crime or a violation) per both state and federal law. In 1998, Measure 67 was passed in Oregon modifying State law to allow the cultivation, possession, and use of marijuana when prescribed by a physician for patients with certain medical conditions. In 2013 house bill 3460 legalized medical marijuana retail establishments in Oregon. Corvallis currently has four licensed dispensaries specific to medical marijuana.

In 2014, Oregon voters passed Measure 91 legalizing the recreational use of marijuana for adults. Measure 91 includes laws regulating possession and manufacture of marijuana as well as possession by minors. These laws carry both non-criminal and criminal sanctions. Under Measure 91, the Oregon Liquor Control Commission is responsible for regulating the purchase, sale, production, processing, transportation, and delivery of marijuana and marijuana items. The purchase, sale, production, processing, transportation, and delivery of marijuana are still a violation of federal law (Schedule I controlled substance). In a memorandum dated August 29, 2013 addressed to all United States attorneys, United States Deputy Attorney General James Cole identified the goal of preventing the distribution of marijuana to minors as one of the United States Department of Justice's top priorities.

DISCUSSION:

Portions of Measure 91 take effect on July 1, 2015. As a result, Corvallis Municipal Code will be lacking municipal laws which align with the Oregon Revised Statutes associated with the measure. Corvallis Municipal Code currently contains laws aligned with Oregon Revised Statutes related to alcohol. This portion of Corvallis Municipal Code is similar to the proposed

changes in relation to marijuana.

Measure 91 identifies offenses which include felony and misdemeanor crimes as well as violations. As stated in Oregon law, the Corvallis Municipal Court has jurisdiction over misdemeanor crimes and violations. The proposed additions to Corvallis Municipal Code 5.03.040.020 related to marijuana and noted below, include offenses classified only as misdemeanors or violations. Felony and misdemeanor offenses not included in Corvallis Municipal Code would fall under the jurisdiction of the Benton County Circuit Court. In addition, there are portions (definitions and ordinances) of CMC 5.03.040.02 which are no longer applicable or enforceable resulting from M91 and are identified and stricken out in Exhibit A. Finally, keeping in mind the goal of preventing the distribution of marijuana to minors, language that reflects current City regulations addressing issues with minors and alcohol is proposed for anticipated issues with minors and marijuana.

Proposed new Corvallis Municipal Code Ordinance:

- 1. Unlawful Possession of Marijuana: Violation**
This Ordinance would make it a violation of local law for any person under the age of 21 to possess less than 1 ounce of marijuana. Exemption exists for those in compliance with the Oregon Medical Marijuana Act.
- 2. Attempted Purchase of Marijuana by person under 21; entry of licensed premises by person under 21: Violation**
This Ordinance would make it a violation of local law for any person under the age of 21 to attempt to purchase marijuana or enter a place where marijuana is legally sold. This is similar to restrictions and conditions of minors possessing alcohol or attempting to enter a bar. Exemption exists for those in compliance with the Oregon Medical Marijuana Act.
- 3. Use of Marijuana in Public Place Prohibited: Violation**
This Ordinance would make it a violation of local law to use marijuana in a public place.
- 4. Homegrown Marijuana in Public View Prohibited: Violation**
This Ordinance would require people producing homemade marijuana and marijuana products to keep the material/products from unaided vision from a public place.
- 5. Providing Marijuana to certain persons prohibited: Class A Misdemeanor**
This Ordinance would make it a crime to provide marijuana to person(s) under 21 years of age. This ordinance would be analogous to "Furnishing Alcohol to a Minor" law.
- 6. Hosting party for minors: Class A Misdemeanor**
This Ordinance would make it a crime to host a party where minors are present and where marijuana or marijuana products are being consumed or possessed by a minor.

The CMC 5.03.040.020.03 depicts the courts authority to grant Diversion for first time offenders and is modified to conform to State law keeping intact the Diversion option for Corvallis

Municipal Court relative to the unlawful possession of marijuana.

The Police Department provided advance drafts of the ordinance to the local dispensary association, which largely support the adoption of the proposed ordinance, although there is some feeling by members that the “Hosting Party for Minors” is not necessary or merely repeats state law and puts adults at risk for fines and jail for activities by minors the host of a party may not have knowledge of.

OPTIONS:

Options for consideration include:

- 1) Do nothing and keep the municipal code unchanged whereas all marijuana violations and crimes will be charged through the Benton County Court system.
- 2) Adopt some or all of proposed municipal codes.
- 3) Provide staff alternative direction.

RECOMMENDATION:

Staff recommends option #2. Ordinance modifications are reflected in Exhibit A and D.

Reviewed and Concur:



Nancy Brewer, City Manager

- Attachments: Exhibit A – CMC 5.03.040.020 Marijuana showing modifications
Exhibit B – Measure 91
Exhibit C – Memorandum related to Marijuana Enforcement from United States
Deputy Attorney General James Cole
Exhibit D - CMC Ordinance Amendment

Exhibit A

- **Section 5.03.040.020 - Marijuana.**
- **5.03.040.020.01 - Definitions.**

For the purposes of this Section, the following definitions shall apply:

- ~~1) *Marijuana.* The dried leaves, stems, and flowers of the plant Cannabis family Moraceae.~~
- ~~2) *Practitioner.* A physician, dentist, veterinarian, scientific investigator, certified nurse practitioner, physician's assistant, or other person licensed, registered, or otherwise permitted by law to dispense, conduct research with respect to, or to administer a controlled substance in the course of professional practice or research in this state but does not include a pharmacist or a pharmacy.~~
- 1) "Marijuana" means all parts of the plant Cannabis family Moraceae, whether growing or not, other than marijuana extracts.
- 2) "Marijuana extract" means a product obtained by separating resins from marijuana by solvent extraction, using solvents other than vegetable glycerin, such as butane, hexane, isopropyl alcohol, ethanol, and carbon dioxide.
- 3) "Marijuana items" means marijuana, marijuana products, and marijuana extracts.
- 4) "Marijuana products" means products that contain marijuana or marijuana extracts and are intended for human consumption.
- 5) "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 premises used in connection with public passenger transportation.

- **5.03.040.020.02 - Possession of marijuana.**

- ~~1) No person shall knowingly or intentionally possess marijuana, in an amount less than one avoirdupois ounce, unless the substance was obtained directly from, or pursuant to, a valid prescription or order of a practitioner while acting in the course of professional practice or except as otherwise authorized by State law.~~
- ~~2) A violation of this Section is punishable by a fine of not less than \$500 and not more than \$1,000.~~

Unlawful possession of marijuana

- 1) It is unlawful for any person under 21 years of age knowingly or intentionally to possess

marijuana or marijuana product.

- 2) Unlawful possession of less than one avoirdupois ounce of marijuana by a person under 21 years of age is a specific fine violation. The presumptive fine for a violation under this paragraph is \$650.
- 3) It shall be an affirmative defense, consistent with ORS 475.319, if a person is acting within the scope of and in compliance with the Oregon Medical Marijuana Act.

Attempted purchase of marijuana by person under 21; entry of licensed premises by person under 21

- 1) A person under 21 years of age may not attempt to purchase marijuana items.
- 2) Except as authorized by rule or as necessitated in an emergency, a person under 21 years of age may not enter or attempt to enter any portion of a licensed premises that is posted or otherwise identified as being prohibited to the use of minors.
- 3) A person who violates subsection (1) or (2) of this section commits a Class B violation.
- 4) It shall be an affirmative defense to this Section if a person is acting within the scope of and in compliance with the Oregon Medical Marijuana Act.
- 5) The prohibitions of this section do not apply to a person under 21 years of age who is acting under the direction of the Oregon Liquor Control Commission or under the direction of state or local law enforcement agencies for the purpose of investigating possible violations of laws prohibiting sales of marijuana items to persons who are under 21 years of age.

Use of marijuana in public place prohibited

- 1) It is unlawful for any person to engage in the use of marijuana items in a public place.
- 2) A violation of subsection (1) of this section is a Class B violation.

Homegrown marijuana in public view prohibited

- 1) No person may produce, process, keep, or store homegrown marijuana or homemade marijuana products if the homegrown marijuana or homemade marijuana products can be readily seen by normal unaided vision from a public place.
- 2) A violation of subsection (1) of this section is a Class B violation.

Providing marijuana to certain persons prohibited.

- 1) No one shall sell, give, or otherwise make available any marijuana or marijuana products to a person under the age of 21 years.
- 2) A person who sells, gives, or otherwise makes available marijuana or marijuana products to a person with the knowledge that the person will violate this subsection.
- 3) A violation of this Section is a Class A Misdemeanor. Upon conviction, the Court shall impose at least a mandatory minimum sentence:

- a) Upon a first conviction, a fine of \$500;
 - b) Upon a second conviction, a fine of \$1,000; and,
 - c) Upon a third conviction, a fine of \$1,500 and not less than 30 days of imprisonment.
- 4) The mandatory minimum penalty provisions of subsection 3) of this Section shall not apply to persons licensed or appointed by or through the Commission.
 - 5) It shall be an affirmative defense to this Section if a person is acting within the scope of and in compliance with the Oregon Medical Marijuana Act as a designated primary caregiver as defined under ORS 475.312.
 - 6) Except as provided in subsection 2) this Section is intended to be a strict liability crime and the court shall not require proof of a mental state.

Hosting party for minors.

- 1) No person shall permit, allow or host a juvenile party at his or her place of residence or premises under the person's control while marijuana or marijuana products are consumed or possessed by any minor.
- 2) This Section is intended to be a strict liability crime and the court shall not require proof of a mental state.
- 3) A violation of this Section is a Class A misdemeanor. Upon conviction, the court shall impose at least a mandatory minimum sentence:
 - a) Upon a first conviction, a fine of \$500;
 - b) Upon a second conviction, a fine of \$1,000; and
 - c) Upon a third conviction, a fine of \$1,500 and not less than 30 days of imprisonment.

• **5.03.040.020.03 - Diversion.**

- 1) A person charged with ~~the offense of possession of less than an ounce~~ **unlawful possession** of marijuana may be eligible for a diversion agreement, if the offense for which the defendant is before the Court is the defendant's first offense, and the defendant files with the Court a petition for a possession of marijuana diversion agreement.
- 2) **Unlawful** possession of marijuana diversion petitions shall be available to a defendant at the Court. The petition form shall conform to the requirements of State law.
- 3) Diversion procedures shall be as prescribed by State statutes for possession of marijuana diversion agreements.

Measure 91

Text of Measure

Be it Enacted by the People of the State of Oregon:

This Act shall be known as:

Control, Regulation, and Taxation of Marijuana and Industrial Hemp Act

SECTION 1. (1) The People of the State of Oregon declare that the purposes of this Act are:

- (a) To eliminate the problems caused by the prohibition and uncontrolled manufacture, delivery, and possession of marijuana within this state;
 - (b) To protect the safety, welfare, health, and peace of the people of this state by prioritizing the state's limited law enforcement resources in the most effective, consistent, and rational way;
 - (c) To permit persons licensed, controlled, regulated, and taxed by this state to legally manufacture and sell marijuana to persons 21 years of age and older, subject to the provisions of this Act;
 - (d) To ensure that the State Department of Agriculture issues industrial hemp licenses and agricultural hemp seed production permits in accordance with existing state law; and
 - (e) To establish a comprehensive regulatory framework concerning marijuana under existing state law.
- (2) The People of the State of Oregon intend that the provisions of this Act, together with the other provisions of existing state law, will:
- (a) Prevent the distribution of marijuana to persons under 21 years of age;
 - (b) Prevent revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels;
 - (c) Prevent the diversion of marijuana from this state to other states;
 - (d) Prevent marijuana activity that is legal under state law from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
 - (e) Prevent violence and the use of firearms in the cultivation and distribution of marijuana;

(f) Prevent drugged driving and the exacerbation of other adverse public health consequences associated with the use of marijuana;

(g) Prevent the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and

(h) Prevent the possession and use of marijuana on federal property.

SECTION 2. (1) Sections 3 to 70 of this Act are added to and made a part of the Oregon Revised Statutes.

(2) Section 71 is added to and made a part of ORS chapter 317.

(3) Section 72 is added to and made a part of ORS chapter 475.

(4) Section 73 is added to and made a part of ORS chapter 811.

(General)

SECTION 3. Short title. Sections 3 to 70 of this Act shall be known and may be cited as the Control, Regulation, and Taxation of Marijuana and Industrial Hemp Act.

SECTION 4. Limitations. Sections 3 to 70 of this Act may not be construed:

(1) To amend or affect in any way any state or federal law pertaining to employment matters;

(2) To amend or affect in any way any state or federal law pertaining to landlord-tenant matters;

(3) To prohibit a recipient of a federal grant or an applicant for a federal grant from prohibiting the manufacture, delivery, possession, or use of marijuana to the extent necessary to satisfy federal requirements for the grant;

(4) To prohibit a party to a federal contract or a person applying to be a party to a federal contract from prohibiting the manufacture, delivery, possession, or use of marijuana to the extent necessary to comply with the terms and conditions of the contract or to satisfy federal requirements for the contract;

(5) To require a person to violate a federal law;

(6) To exempt a person from a federal law or obstruct the enforcement of a federal law; or

(7) To amend or affect in any way the Oregon Medical Marijuana Act.

SECTION 5. Definitions. As used in sections 3 to 70 of this Act:

- (1) "Authority" means the Oregon Health Authority.
- (2) "Commission" means the Oregon Liquor Control Commission.
- (3) "Consumer" means a person who purchases, acquires, owns, holds, or uses marijuana items other than for the purpose of resale.
- (4) "Department" means the State Department of Agriculture.
- (5)(a) "Financial consideration," except as provided in paragraph (b) of this subsection, means value that is given or received directly or indirectly through sales, barter, trade, fees, charges, dues, contributions or donations.
- (b) "Financial consideration" does not mean any of the following:
 - (A) Homegrown marijuana made by another person.
 - (B) Homemade marijuana products made by another person.
- (6) "Homegrown" or "homemade" means grown or made by a person 21 years of age or older for noncommercial purposes.
- (7) "Household" means a housing unit, and includes any place in or around the housing unit at which the occupants of the housing unit are producing, processing, keeping, or storing homegrown marijuana or homemade marijuana products.
- (8) "Housing unit" means a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters, in which the occupants live and eat separately from any other persons in the building and which have direct access from the outside of the building or through a common hall.
- (9) "Immature marijuana plant" means a marijuana plant with no observable flowers or buds.
- (10) "Licensee" means any person holding a license issued under this Act, or any person holding a license or permit issued under any regulation promulgated under paragraph (e) of subsection (2) of section 7 of this Act.
- (11) "Licensee representative" means an owner, director, officer, manager, employee, agent, or other representative of a licensee, to the extent such person acts in such representative capacity.
- (12)(a) "Marijuana" means all parts of the plant Cannabis family Moraceae, whether growing or not, other than marijuana extracts.

(b) "Marijuana" does not include industrial hemp, as defined in ORS 571.300, or industrial hemp commodities or products.

(13) "Marijuana extract" means a product obtained by separating resins from marijuana by solvent extraction, using solvents other than vegetable glycerin, such as butane, hexane, isopropyl alcohol, ethanol, and carbon dioxide.

(14)(a) "Marijuana flowers" means the flowers of the plant Cannabis family Moraceae.

(b) "Marijuana flowers" does not include any part of the plant other than the flowers.

(15) "Marijuana items" means marijuana, marijuana products, and marijuana extracts.

(16)(a) "Marijuana leaves" means the leaves of the plant Cannabis family Moraceae.

(b) "Marijuana leaves" does not include any part of the plant other than the leaves.

(17) "Marijuana processor" means a person who processes marijuana items in this state.

(18) "Marijuana producer" means a person who produces marijuana in this state.

(19)(a) "Marijuana products" means products that contain marijuana or marijuana extracts and are intended for human consumption.

(b) "Marijuana products" does not mean:

(A) Marijuana, by itself; or

(B) A marijuana extract, by itself.

(20) "Marijuana retailer" means a person who sells marijuana items to a consumer in this state.

(21) "Marijuana wholesaler" means a person who purchases marijuana items in this state for resale to a person other than a consumer in this state.

(22) "Mature marijuana plant" means any marijuana plant that is not an immature marijuana plant.

(23) "Noncommercial" means not dependent or conditioned upon the provision or receipt of financial consideration.

(24) "Person" means any natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, profit or nonprofit unincorporated association, business trust, limited liability company, general or limited partnership, joint venture, or any other legal entity.

(25) “Premises” or “licensed premises” means a location licensed under sections 3 to 70 of this Act and includes:

(a) All enclosed areas at the location that are used in the business operated at the location, including offices, kitchens, rest rooms and storerooms, including all public and private areas;

(b) All areas outside of a building that the Oregon Liquor Control 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 of a building, the entire lot or parcel, as defined in ORS 92.010, that the licensee owns, leases, or has a right to occupy.

(26)(a) “Processes” means:

(A) The processing, compounding, or conversion of marijuana into marijuana products or marijuana extracts;

(B) The processing, compounding, or conversion of marijuana, either directly or indirectly by extraction from substances of natural origin, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis;

(C) The packaging or repackaging of marijuana items; or

(D) The labeling or relabeling of any package or container of marijuana items.

(b) “Processes” does not include:

(A) The drying of marijuana by a marijuana producer, if the marijuana producer is not otherwise processing marijuana; or

(B) The packaging and labeling of marijuana by a marijuana producer in preparation for delivery to a marijuana processor.

(27)(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.

(28) "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 premises used in connection with public passenger transportation.

(29) "Usable marijuana" means dried marijuana flowers and dried marijuana leaves, and any mixture or preparation thereof.

SECTION 6. Exemptions. (1) Sections 7 to 44 and 60 to 62 of this Act do not apply:

(a) To the production, processing, keeping, or storage of homegrown marijuana at a household by one or more persons 21 years of age and older if the total of homegrown marijuana at the household does not exceed four marijuana plants and eight ounces of usable marijuana at a given time.

(b) To the making, processing, keeping, or storage of homemade marijuana products at a household by one or more persons 21 years of age and older if the total of homemade marijuana products at the household does not exceed sixteen ounces in solid form at a given time.

(c) To the making, processing, keeping, or storage of homemade marijuana products at a household by one or more persons 21 years of age and older if the total of homemade marijuana products at the household does not exceed seventy-two ounces in liquid form at a given time.

(d) To the delivery of not more than one ounce of homegrown marijuana at a given time by a person 21 years of age or older to another person 21 years of age or older for noncommercial purposes.

(e) To the delivery of not more than sixteen ounces of homemade marijuana products in solid form at a given time by a person 21 years of age or older to another person 21 years of age or older for noncommercial purposes.

(f) To the delivery of not more than seventy-two ounces of homemade marijuana products in liquid form at a given time by a person 21 years of age or older to another person 21 years of age or older for noncommercial purposes.

(2) Sections 7 to 70 of this Act:

(a) Do not apply to the extent a person acts within the scope of and in compliance with the Oregon Medical Marijuana Act; or

(b) Do not amend or affect in any way the function, duties, and powers of the Oregon Health Authority under the Oregon Medical Marijuana Act.

SECTION 7. Powers and duties of Oregon Liquor Control Commission. (1) The Oregon Liquor Control Commission has the powers and duties specified in sections 3 to 70 of this Act, and also the powers necessary or proper to enable it to carry out fully and effectually all the purposes of sections 3 to 70 of this Act. The jurisdiction, supervision, powers and duties of the commission extend to any person who buys, sells, produces, processes, transports, or delivers any marijuana items within this state. The commission may sue and be sued.

(2) The function, duties, and powers of the commission in sections 3 to 70 of this Act include the following:

(a) To regulate the purchase, sale, production, processing, transportation, and delivery of marijuana items in accordance with the provisions of sections 3 to 70 of this Act.

(b) To grant, refuse, suspend or cancel licenses for the sale, processing, or production of marijuana items, or other licenses in regard to marijuana items, and to permit, in its discretion, the transfer of a license of any person.

(c) To collect the taxes and duties imposed by sections 3 to 70 of this Act, and to issue, and provide for cancellation, stamps and other devices as evidence of payment of such taxes or duties.

(d) To investigate and aid in the prosecution of every violation of Oregon statutes relating to marijuana items, and cooperate in the prosecution of offenders before any state court of competent jurisdiction.

(e) To adopt such regulations as are necessary and feasible for carrying out the intent and provisions of sections 3 to 70 of this Act and to amend or repeal such regulations. When such regulations are adopted they shall have the full force and effect of law.

(f) To exercise all powers incidental, convenient or necessary to enable it to administer or carry out any of the provisions of sections 3 to 70 of this Act.

(g) To regulate and prohibit any advertising by manufacturers, processors, wholesalers or retailers of marijuana items by the medium of newspapers, letters, billboards, radio or otherwise.

(h) To regulate the use of marijuana items for scientific, pharmaceutical, manufacturing, mechanical, industrial and other purposes.

(3) On or before January 1, 2016, the commission, after consultation with the State Department of Agriculture and the Oregon Health Authority, shall prescribe forms and

adopt such rules and regulations as the commission deems necessary for the implementation and administration of sections 3 to 70 of this Act.

(4) On or before January 1, 2017, the commission shall:

(a) Examine available research, and may conduct or commission new research, to investigate the influence of marijuana on the ability of a person to drive a vehicle and on the concentration of delta-9 tetrahydrocannabinol in a person's blood, in each case taking into account all relevant factors; and

(b) Present the results of the research to the Legislative Assembly and make recommendations to the Legislative Assembly regarding whether any amendments to the Oregon Vehicle Code are appropriate.

(5) The commission has no power to purchase, own, sell, or possess any marijuana items.

SECTION 8. Powers and duties of State Department of Agriculture. The State Department of Agriculture shall assist and cooperate with the Oregon Liquor Control Commission and the Oregon Health Authority to the extent necessary for the commission and the authority to carry out the duties of the commission and the authority under sections 3 to 70 of this Act.

SECTION 9. Powers and duties of Oregon Health Authority. The Oregon Health Authority shall assist and cooperate with the Oregon Liquor Control Commission and the State Department of Agriculture to the extent necessary for the commission and the department to carry out the duties of the commission and the department under sections 3 to 70 of this Act.

SECTION 10. No liability for official acts. No member of the Oregon Liquor Control Commission, the State Department of Agriculture, or the Oregon Health Authority may be sued for doing or omitting to do any act in the performance of duties as prescribed in sections 3 to 70 of this Act.

SECTION 11. Powers; licenses; federal law. (1) Neither the Oregon Liquor Control Commission, the State Department of Agriculture, nor the Oregon Health Authority may refuse to perform any duty under sections 3 to 70 of this Act on the basis that manufacturing, distributing, dispensing, possessing, or using marijuana is prohibited by federal law.

(2) The commission may not revoke or refuse to issue or renew a license under sections 3 to 70 of this Act on the basis that manufacturing, distributing, dispensing, possessing, or using marijuana is prohibited by federal law.

SECTION 12. Contracts. No contract shall be unenforceable on the basis that manufacturing, distributing, dispensing, possessing, or using marijuana is prohibited by federal law.

SECTION 13. Licensees and licensee representatives. Licensees and licensee representatives may produce, deliver, and possess marijuana items subject to the provisions of sections 3 to 70 of this Act. The production, delivery, and possession of marijuana items by a licensee or a licensee representative in compliance with sections 3 to 70 of this Act shall not constitute a criminal or civil offense under Oregon law.

(Purchaser's Qualifications and Identification)

SECTION 14. Purchaser's qualifications. No licensee or licensee representative may sell or deliver any marijuana items to any person under 21 years of age.

SECTION 15. Limitations on purchasing may be imposed. The Oregon Liquor Control Commission may limit the quantity of marijuana items purchased at any one time by a consumer so as effectually to prevent the resale of marijuana items.

SECTION 16. Requiring identification from certain purchasers. All licensees and licensee representatives, before selling or serving marijuana items to any person about whom there is any reasonable doubt of the person's having reached 21 years of age, shall require such person to produce one of the following pieces of identification:

- (1) The person's passport.
- (2) The person's motor vehicle operator's license, whether issued in this state or by any other state, so long as the license has a picture of the person.
- (3) An identification card issued under ORS 807.400.
- (4) A United States military identification card.
- (5) 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.

SECTION 17. False statement of age; statement of age as defense. (1) No person shall produce any piece of identification that would falsely indicate the person's age.

(2) If a piece of identification is offered as evidence in any administrative or criminal prosecution of a licensee or licensee representative for sale or service of marijuana items to a person not having reached 21 years of age, the licensee or licensee representative shall be found to have committed no crime or other wrong unless it is demonstrated that a reasonable person would have determined that the identification exhibited was altered or did not accurately describe the person to whom the marijuana items were sold or served.

(Marijuana Licenses)

SECTION 18. Oregon Liquor Control Commission's licensing duties. (1) On or before January 4, 2016, the Oregon Liquor Control Commission shall begin receiving applications

for the licensing of persons to produce, process, and sell marijuana within the state. Upon receipt of a license application, the commission shall not unreasonably delay the processing, approval, or rejection of the application or, if the application is approved, the issuance of the license.

(2) The licenses described in sections 3 to 70 of this Act shall be issued by the commission, subject to its regulations and restrictions and the provisions of sections 3 to 70 of this Act.

(3) The commission may not license a premises that does not have defined boundaries. A licensed premises need not be enclosed by a wall, fence or other structure, but the commission may require that any licensed premises be enclosed as a condition of issuing or renewing a license. The commission may not license premises that are mobile.

SECTION 19. Production license. (1) The production of marijuana is subject to regulation by the Oregon Liquor Control Commission.

(2) A marijuana producer must have a production license issued by the commission for the premises at which the marijuana is produced.

SECTION 20. Processor license. (1) The processing of marijuana items is subject to regulation by the Oregon Liquor Control Commission.

(2) A marijuana processor must have a processor license issued by the commission for the premises at which marijuana items are processed.

SECTION 21. Wholesale license. (1) The wholesale sale of marijuana items is subject to regulation by the Oregon Liquor Control Commission.

(2) A marijuana wholesaler must have a wholesale license issued by the commission for the premises at which marijuana items are received, kept, stored, or delivered.

SECTION 22. Retail license. (1) The retail sale of marijuana items is subject to regulation by the Oregon Liquor Control Commission.

(2) A marijuana retailer must have a retail license issued by the commission for the premises at which marijuana items are sold.

SECTION 23. Examination of books and premises of licensees. (1) The Oregon Liquor Control Commission has the right after 72 hours' notice to the owner or the agent of the owner to make an examination of the books and may at any time make an examination of the premises of any person licensed under sections 3 to 70 of this Act, for the purpose of determining compliance with sections 3 to 70 of this Act and the rules of the commission.

(2) The commission shall not require the books of any licensee to be maintained on the premises of the licensee.

SECTION 24. No “tied house” prohibitions. The same person may hold one or more production licenses, one or more processor licenses, one or more wholesale licenses, and one or more retail licenses.

(Licensing Procedures)

SECTION 25. Characteristics of license. (1) A license granted under sections 3 to 70 of this Act shall:

- (a) Be a purely personal privilege.
 - (b) Be valid for the period stated in the license.
 - (c) Be renewable in the manner provided in section 28 of this Act, except for a cause which would be grounds for refusal to issue such license under section 29 of this Act.
 - (d) Be revocable or suspendible as provided in section 30 of this Act.
 - (e) Be transferable from the premises for which the license was originally issued to another premises subject to the provisions of this Act, any rules of the Oregon Liquor Control Commission and any municipal ordinance or local regulation.
 - (f) Cease upon the death of the licensee, except as provided in subsection (2) of this section.
 - (g) Not constitute property.
 - (h) Not be alienable.
 - (i) Not be subject to attachment or execution.
 - (j) Not descend by the laws of testate or intestate devolution.
- (2) The commission may, by order, provide for the manner and conditions under which:
- (a) Marijuana items left by any deceased, insolvent or bankrupt person or licensee, or subject to a security interest, may be foreclosed, sold under execution or otherwise disposed of.
 - (b) The business of any deceased, insolvent or bankrupt licensee may be operated for a reasonable period following the death, insolvency or bankruptcy.
 - (c) A business licensed pursuant to sections 3 to 70 of this Act subject to a security interest may be continued in business by a secured party as defined in ORS 79.0102 for a reasonable period after default on the indebtedness by the debtor.

SECTION 26. License terms; licenses issued for less than year; determination of fees. (1) Except as otherwise provided in this section, all licenses under sections 3 to 70 of this Act and renewals thereof shall be issued for a period of one year which shall expire at 12 midnight on March 31, June 30, September 30 or December 31 of each year.

(2) Notwithstanding subsection (1) of this section, a license issued for the first time to an applicant may be issued for less than a year. The fee for a license issued for less than a year under this subsection is the annual license fee prescribed by section 28 of this Act.

SECTION 27. Delivery of marijuana. A marijuana producer, marijuana processor, or marijuana wholesaler shall deliver marijuana items only to or on a licensed premises. The sale of marijuana items under any license issued by the Oregon Liquor Control Commission for retail sales by a licensee shall be restricted to the premises described in the license, but deliveries may be made by the marijuana retailer to consumers pursuant to bona fide orders received on the licensed premises prior to delivery.

SECTION 28. Application for license; rules; fees. (1) Any person desiring a license or renewal of a license under sections 3 to 70 of this Act shall make application to the Oregon Liquor Control Commission upon forms to be furnished by the commission showing the name and address of the applicant, location of the place of business that is to be operated under the license, and such other pertinent information as the commission may require. No license shall be granted or renewed until the applicant has complied with the provisions of sections 3 to 70 of this Act and the rules of the commission.

(2) The commission may reject any application that is not submitted in the form required by rule. The commission shall give applicants an 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 chapter 183.

(3) Except as provided in subsection (2) of this section, a revocation of, or a refusal to issue or renew, a license under sections 3 to 70 of this Act is subject to the requirements for contested case proceedings under ORS chapter 183.

(4) The commission shall assess a nonrefundable fee for processing a new or renewal application for any license authorized by sections 3 to 70 of this Act. The application processing fee shall be \$250.

(5) The annual license fee for any license granted under sections 3 to 70 of this Act shall be \$1,000. The license fee is nonrefundable and shall be paid by each applicant upon the granting or committing of a license.

SECTION 29. Grounds for refusing to issue license. (1) The Oregon Liquor Control Commission may not license any applicant under the provisions of sections 3 to 70 of this Act if the applicant is under 21 years of age.

(2) The Oregon Liquor Control Commission may refuse to license any applicant under the provisions of sections 3 to 70 of this Act if the commission has reasonable ground to believe any of the following to be true:

(a) That there are sufficient licensed premises in the locality set out in the application, or that the granting of a license in the locality set out in the application is not demanded by public interest or convenience. In determining whether there are sufficient licensed premises in the locality, the commission shall consider seasonal fluctuations in the population of the locality and shall ensure that there are adequate licensed premises to serve the needs of the locality during the peak seasons.

(b) That 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) 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.

(E) Has maintained an insanitary establishment.

(F) Is not of good repute and moral character.

(G) Did not have a good record of compliance with sections 3 to 70 of this Act or any rule of the commission adopted pursuant thereto.

(H) Is not the legitimate owner of the business proposed to be licensed, or other persons have ownership interests in the business which have not been disclosed.

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

(J) Is unable to understand the laws of Oregon relating to marijuana or the rules of the commission.

(3) Notwithstanding subparagraph (D) of paragraph (b) of subsection (2) of this section, in determining whether the commission may refuse to license an applicant, the commission may not consider the prior conviction of the applicant or any owner, director, officer, manager, employee, agent, or other representative of the applicant for:

(a) The manufacture of marijuana, if:

(A) The date of the conviction is more than five years before the date of the application;
and

(B) The person has not been convicted more than once for the manufacture or delivery of marijuana;

(b) The delivery of marijuana to a person 21 years of age or older, if:

(A) The date of the conviction is more than five years before the date of the application;
and

(B) The person has not been convicted more than once for the manufacture or delivery of marijuana; or

(c) The possession of marijuana.

SECTION 30. Grounds for cancellation or suspension of license. (1) The Oregon Liquor Control Commission may cancel or suspend any license issued under sections 3 to 70 of this Act, if the commission finds or has reasonable ground to believe any of the following to be true:

(a) That the licensee:

(A) Has violated any provision of sections 3 to 70 of this Act or any rule of the commission adopted pursuant thereto.

(B) Has made any false representation or statement to the commission in order to induce or prevent action by the commission.

(C) Has maintained an insanitary establishment.

(D) Is insolvent or incompetent or physically unable to carry on the management of the establishment of the licensee.

(E) Is in the habit of using alcoholic liquor, habit-forming drugs, marijuana, or controlled substances to excess.

(F) Has misrepresented to a customer or the public any marijuana items sold by the licensee.

(G) Since the granting of the license, has been convicted of a felony, of violating any of the marijuana laws of this state, general or local, or of any misdemeanor or violation of any municipal ordinance committed on the licensed premises.

(b) That there is any other reason that, in the opinion of the commission, based on public convenience or necessity, warrants canceling or suspending such license.

(2) Civil penalties under this section shall be imposed as provided in ORS 183.745.

(Marijuana Tax)

SECTION 31. Administration by Oregon Liquor Control Commission. The Oregon Liquor Control Commission shall administer sections 31 to 44 of this Act, and shall prescribe forms and make such rules and regulations as it deems necessary to enforce sections 31 to 44 of this Act.

SECTION 32. Definition of "sale". (1) As used in sections 31 to 44 of this Act, "sale" or "sold" means any transfer, exchange or barter, in any manner or by any means, for a consideration, and includes and means all sales made by any person. It includes a gift by a person engaged in the business of selling marijuana, for advertising, as a means of evading sections 31 to 44 of this Act, or for any other purpose.

(2) If a marijuana producer also holds one or more processor licenses, one or more wholesale licenses, or one or more retail licenses, a sale of marijuana flowers, marijuana leaves, or immature marijuana plants will be deemed to occur if and when the marijuana producer processes or takes any other action with respect to such marijuana flowers, marijuana leaves, or immature marijuana plants for which a processor license, wholesale license, or retail license is required, regardless of whether the marijuana producer continues to own or possess the marijuana flowers, marijuana leaves, or immature marijuana plants.

SECTION 33. Tax on marijuana. (1) A tax is imposed upon the privilege of engaging in business as a marijuana producer at the rate of:

(a) \$35 per ounce on all marijuana flowers;

(b) \$10 per ounce on all marijuana leaves; and

(c) \$5 per immature marijuana plant.

(2) The rates of tax imposed by this section upon marijuana flowers and marijuana leaves apply proportionately to quantities of less than one ounce.

(3) The tax imposed by this section shall be measured by the quantities of marijuana flowers, marijuana leaves, and immature marijuana plants produced and sold by any marijuana producer. The taxes specified in this section shall be levied and assessed to the marijuana producer at the time of the first sale of the marijuana flowers, marijuana leaves, and immature marijuana plants by the marijuana producer.

(4) For reporting periods beginning on or after July 1, 2017, the rates of tax under subsection (1) of this section shall be adjusted for each biennium according to the cost-of-living adjustment for the calendar year. The Oregon Liquor Control Commission shall recompute the rates for each biennium by adding to each rate in subsection (1) of this section the product obtained by multiplying the rate by a factor that is equal to 0.25 multiplied by the percentage (if any) by which the monthly averaged U.S. City Average Consumer Price Index for the 12 consecutive months ending August 31 of the prior calendar year exceeds the monthly averaged U.S. City Average Consumer Price Index for the 12 consecutive months ending August 31, 2015.

(5) The commission shall regularly review the rates of tax under subsection (1) of this section and make recommendations to the Legislative Assembly regarding appropriate adjustments to the rates that will further the purposes of:

- (a) Maximizing net revenue;
- (b) Minimizing the illegal marijuana industry under Oregon law; and
- (c) Discouraging the use of marijuana by minors under 21 years of age.

SECTION 34. Payment of taxes; refunds; interest or penalty; appeal. (1) The privilege tax imposed by section 33 of this Act shall be paid to the Oregon Liquor Control Commission. The taxes covering the periods for which statements are required to be rendered by section 35 of this Act shall be paid before the time for filing such statements expires. If not so paid, a penalty of 10 percent and interest at the rate of one percent a month or fraction of a month shall be added and collected. The commission may refund any tax payment imposed upon or paid in error by any licensee.

(2) The commission may waive any interest or penalty assessed to a marijuana producer subject to the tax imposed under section 33 of this Act if the commission, in its discretion, determines that the marijuana producer has made a good faith attempt to comply with the requirements of sections 31 to 44 of this Act.

(3) Except in the case of fraud, the commission may not assess any interest or penalty on any tax due under section 33 of this Act following the expiration of 36 months from the date on which was filed the statement required under section 35 of this Act reporting the quantities of marijuana flowers, marijuana leaves, and immature marijuana plants upon which the tax is due.

(4) A marijuana producer may appeal a tax imposed under section 33 of this Act in the manner of a contested case under ORS chapter 183.

SECTION 35. Statements by marijuana producers as to quantities sold. On or before the 20th day of each month, every marijuana producer shall file with the Oregon Liquor Control Commission a statement of the quantities of marijuana flowers, marijuana leaves,

and immature marijuana plants sold by the marijuana producer during the preceding calendar month.

SECTION 36. Estimate by Oregon Liquor Control Commission when statement not filed or false statement filed. If any marijuana producer fails, neglects or refuses to file a statement required by section 35 of this Act or files a false statement, the Oregon Liquor Control Commission shall estimate the quantities of marijuana flowers, marijuana leaves, and immature marijuana plants sold by the marijuana producer and assess the privilege taxes thereon. The marijuana producer shall be estopped from complaining of the quantities so estimated.

SECTION 37. Lien created by the tax. The privilege tax required to be paid by section 33 of this Act constitutes a lien upon, and has the effect of an execution duly levied against, any and all property of the marijuana producer, attaching at the time the marijuana flowers, marijuana leaves, and immature marijuana plants subject to the tax were sold, and remaining until the tax is paid. The lien created by this section is paramount to all private liens or encumbrances.

SECTION 38. Records to be kept by marijuana producers. Every marijuana producer shall keep a complete and accurate record of all sales of marijuana flowers, marijuana leaves, and immature marijuana plants, and a complete and accurate record of the number of ounces of marijuana flowers produced, the number of ounces of marijuana leaves produced, the number of immature marijuana plants produced, and the dates of production. The records shall be in such form and contain such other information as the Oregon Liquor Control Commission may prescribe.

SECTION 39. Inspection of marijuana producer's records; records to be kept for prescribed period. (1) The Oregon Liquor Control Commission may, at any time, examine the books and records of any marijuana producer, and may appoint auditors, investigators and other employees that the commission considers necessary to enforce its powers and perform its duties under sections 31 to 44 of this Act.

(2) Every marijuana producer shall maintain and keep for two years all records, books and accounts required by sections 31 to 44 of this Act and shall provide copies of those records, books and accounts to the commission when requested by the commission.

SECTION 40. Failure to pay tax or maintain records. (1) No marijuana producer shall:

(a) Fail to pay the privilege tax prescribed in section 33 of this Act when it is due; or

(b) Falsify the statement required by section 35 of this Act.

(2) No person shall:

(a) Refuse to permit the Oregon Liquor Control Commission or any of its representatives to make an inspection of the books and records authorized by sections 38 and 39 of this Act;

(b) Fail to keep books of account prescribed by the commission or required by sections 31 to 44 of this Act;

(c) Fail to preserve the books for two years for inspection of the commission; or

(d) Alter, cancel or obliterate entries in the books of account for the purpose of falsifying any record required by sections 31 to 44 of this Act to be made, maintained or preserved.

SECTION 41. Applicability to interstate and foreign commerce. Sections 31 to 44 of this Act do not apply to commerce with foreign nations or commerce with the several states, except in so far as the same may be permitted under the Constitution and laws of the United States.

SECTION 42. State has exclusive right to tax marijuana. No county or city of this state shall impose any fee or tax, including occupation taxes, privilege taxes and inspection fees, in connection with the purchase, sale, production, processing, transportation, and delivery of marijuana items.

(Distribution of Moneys)

SECTION 43. Disposition of moneys; revolving fund. (1) All money collected by the Oregon Liquor Control Commission under sections 3 to 70 of this Act shall be remitted to the State Treasurer who shall credit it to a suspense account of the commission. Whenever the commission determines that moneys have been received by it in excess of the amount legally due and payable to the commission or that it has received money to which it has no legal interest, or that any license fee or deposit is properly refundable, the commission is authorized and directed to refund such money by check drawn upon the State Treasurer and charged to the suspense account of the commission. After withholding refundable license fees and such sum, not to exceed \$250,000, as it considers necessary as a revolving fund for a working cash balance for the purpose of paying travel expenses, advances, other miscellaneous bills and extraordinary items which are payable in cash immediately upon presentation, the commission shall direct the State Treasurer to transfer the money remaining in the suspense account to the Oregon Marijuana Account established under section 44 of this Act. Moneys in the Oregon Marijuana Account are continuously appropriated to the commission to be distributed and used as required or allowed by Oregon law.

(2) All necessary expenditures of the commission incurred in carrying out sections 3 to 70 of this Act, including such sums necessary to reimburse the \$250,000 revolving fund, shall be paid from the Oregon Marijuana Account.

SECTION 44. Distribution of available moneys in Oregon Marijuana Account. (1) There is established the Oregon Marijuana Account, separate and distinct from the General Fund.

(2) At the end of each month, the Oregon Liquor Control Commission shall certify the amount of moneys available for distribution in the Oregon Marijuana Account and, after withholding such moneys as it may deem necessary to carry out its obligations under sections 3 to 70 of this Act, shall within 35 days of the month for which a distribution is made distribute the moneys as follows:

(a) Forty percent shall be transferred to the Common School Fund;

(b) Twenty percent shall be transferred to the Mental Health Alcoholism and Drug Services Account established under ORS 430.380;

(c) Fifteen percent shall be transferred to the State Police Account established under ORS 181.175;

(d) To assist local law enforcement in performing its duties under this Act, ten percent shall be transferred to the cities of the state in the following shares:

(A) For all distributions made from the Oregon Marijuana Account before July 1, 2017, in such shares as the population of each city bears to the population of the cities of the state, as determined by the State Board of Higher Education last preceding such apportionment, under ORS 190.510 to 190.610; and

(B) For all distributions made from the Oregon Marijuana Account on or after July 1, 2017:

(i) Fifty percent of such ten percent shall be transferred in such shares as the number of licenses issued by the commission under sections 19 to 21 of this Act during the calendar year preceding the date of the distribution for premises located in each city bears to the number of such licenses issued by the commission during such calendar year for all premises in the state; and

(ii) Fifty percent of such ten percent shall be transferred in such shares as the number of licenses issued by the commission under section 22 of this Act during the calendar year preceding the date of the distribution for premises located in each city bears to the number of such licenses issued by the commission during such calendar year for all premises in the state;

(e) To assist local law enforcement in performing its duties under this Act, ten percent shall be transferred to counties in the following shares:

(A) For all distributions made from the Oregon Marijuana Account before July 1, 2017, in such shares as their respective populations bear to the total population of the state, as estimated from time to time by the State Board of Higher Education; and

(B) For all distributions made from the Oregon Marijuana Account on or after July 1, 2017:

(i) Fifty percent of such ten percent shall be transferred in such shares as the number of licenses issued by the commission under sections 19 to 21 of this Act during the calendar year preceding the date of the distribution for premises located in each county bears to the number of such licenses issued by the commission during such calendar year for all premises in the state; and

(ii) Fifty percent of such ten percent shall be transferred in such shares as the number of licenses issued by the commission under section 22 of this Act during the calendar year preceding the date of the distribution for premises located in each county bears to the number of such licenses issued by the commission during such calendar year for all premises in the state; and

(f) Five percent shall be transferred to the Oregon Health Authority to be used for the establishment, operation, and maintenance of alcohol and drug abuse prevention, early intervention and treatment services.

(3) It is the intent of this section that the moneys distributed from the Oregon Marijuana Account to the distributees in subsection (2) of this section are in addition to any other available moneys to such distributees and do not supplant moneys available from any other source.

(Prohibitions Relating to Marijuana)

SECTION 45. Importing and exporting marijuana prohibited. (1) Marijuana items may not be imported into this state or exported from this state by any licensee or licensee representative.

(2) A violation of subsection (1) of this section is a:

(a) Class C felony, if the importation or exportation is for consideration; or

(b) Class A misdemeanor, if the importation or exportation is not for consideration.

SECTION 46. Marijuana may not be given as prize. Marijuana items may not be given as a prize, premium or consideration for a lottery, contest, game of chance or skill, or competition of any kind.

SECTION 47. Providing marijuana to intoxicated person; allowing consumption by minor on property. (1) A person may not sell, give or otherwise make available any marijuana items to any person who is visibly intoxicated.

(2)(a) A person who exercises control over private real property may not knowingly allow any other person under the age of 21 years to consume marijuana items on the property, or

allow any other person under the age of 21 years to remain on the property if the person under the age of 21 years consumes marijuana items on the property.

(b) This subsection:

(A) Applies only to a person who is present and in control of the location at the time the consumption occurs; and

(B) Does not apply to the owner of rental property, or the agent of an owner of rental property, unless the consumption occurs in the individual unit in which the owner or agent resides.

SECTION 48. Misrepresentation by licensee and others; maintenance of disorderly establishment. (1) No person shall make false representations or statements to the Oregon Liquor Control Commission in order to induce or prevent action by the commission.

(2) No licensee of the commission shall maintain a noisy, lewd, disorderly or insanitary establishment or supply impure or otherwise deleterious marijuana items.

(3) No licensee of the commission shall misrepresent to a customer or to the public any marijuana items.

SECTION 49. Attempted purchase of marijuana by person under 21; entry of licensed premises by person under 21. (1) A person under 21 years of age may not attempt to purchase marijuana items.

(2) Except as authorized by rule or as necessitated in an emergency, a person under 21 years of age may not enter or attempt to enter any portion of a licensed premises that is posted or otherwise identified as being prohibited to the use of minors.

(3) A person who violates subsection (1) or (2) of this section commits a Class B violation.

(4) In addition to and not in lieu of any other penalty established by law, a person under 21 years of age who violates subsection (1) of this section through misrepresentation of age may be required to perform community service and the court shall order that the person's driving privileges and right to apply for driving privileges be suspended for a period not to exceed one year. If a court has issued an order suspending driving privileges under this section, the court, upon petition of the person, may withdraw the order at any time the court deems appropriate. The court notification to the Department of Transportation under this subsection may include a recommendation that the person be granted a hardship permit under ORS 807.240 if the person is otherwise eligible for the permit.

(5) If a person cited under this section is at least 13 years of age but less than 21 years of age at the time the person is found in default under ORS 153.102 or 419C.472 for failure to appear, in addition to and not in lieu of any other penalty, the court shall issue notice under

ORS 809.220 to the department for the department to suspend the person's driving privileges under ORS 809.280 (4).

(6) The prohibitions of this section do not apply to a person under 21 years of age who is acting under the direction of the Oregon Liquor Control Commission or under the direction of state or local law enforcement agencies for the purpose of investigating possible violations of laws prohibiting sales of marijuana items to persons who are under 21 years of age.

SECTION 50. Compliance with standards. (1) No marijuana items shall be sold or offered for sale within this state unless such marijuana items comply with the minimum standards fixed pursuant to law.

(2) The Oregon Liquor Control Commission may require a marijuana producer, marijuana processor, or marijuana wholesaler to provide a laboratory analysis demonstrating to the satisfaction of the commission that particular marijuana items comply with the minimum standards in this state.

(3) No marijuana items offered for sale within this state may be altered or tampered with in any way by any person not licensed to do so by the commission.

(4) The commission may prohibit the sale of any marijuana items for a reasonable period of time while it is determining whether the marijuana items comply with minimum standards in this state.

SECTION 51. Use of misleading mark or label on container; injurious or adulterated ingredients. (1) No licensee shall use or allow the use of any mark or label on the container of any marijuana items which are kept for sale, if the container does not precisely and clearly indicate the nature of its contents or in any way might deceive any customer as to the nature, composition, quantity, age or quality of such marijuana items.

(2) The Oregon Liquor Control Commission may prohibit any licensee from selling any brand of marijuana items which in its judgment is deceptively labeled or branded as to content, or contains injurious or adulterated ingredients.

SECTION 52. Minimum age requirement. (1) A licensee may not employ any person under 21 years of age in any part of any licensed premises.

(2) During any inspection of a licensed premises, the Oregon Liquor Control Commission may require proof that a person performing work at the premises is 21 years of age or older. If the person does not provide the commission with acceptable proof of age upon request, the commission may require the person to immediately cease any activity and leave the premises until the commission receives acceptable proof of age. This subsection does not apply to a person temporarily at the premises to make a service, maintenance or repair call or for other purposes independent of the premises operations.

(3) If a person performing work has not provided proof of age requested by the commission under subsection (2) of this section, the commission may request that the licensee provide proof that the person is 21 years of age or older. Failure of the licensee to respond to a request made under this subsection by providing acceptable proof of age for a person is prima facie evidence that the licensee has allowed the person to perform work at the licensed premises in violation of the minimum age requirement.

SECTION 53. Mature marijuana plants. (1) Except for licensed marijuana producers and their licensee representatives, no licensee may possess a mature marijuana plant.

(2) No licensee may sell a mature marijuana plant.

SECTION 54. Use of marijuana in public place prohibited. (1) It is unlawful for any person to engage in the use of marijuana items in a public place.

(2) A violation of subsection (1) of this section is a Class B violation.

SECTION 55. Possession of marijuana in correctional facility prohibited. (1) It is unlawful for any person to possess or engage in the use of marijuana items in a correctional facility as defined in ORS 162.135 or in a youth correction facility as defined in ORS 162.135.

(2) A violation of subsection (1) of this section is a Class B violation.

SECTION 56. Homegrown marijuana in public view prohibited. (1) No person may produce, process, keep, or store homegrown marijuana or homemade marijuana products if the homegrown marijuana or homemade marijuana products can be readily seen by normal unaided vision from a public place.

(2) A violation of subsection (1) of this section is a Class B violation.

SECTION 57. Homemade marijuana extracts prohibited. No person may produce, process, keep, or store homemade marijuana extracts.

(Cities and Counties; Local Option)

SECTION 58. Marijuana laws supersede and repeal inconsistent charters and ordinances. Sections 3 to 70 of this Act, designed to operate uniformly throughout the state, shall be paramount and superior to and shall fully replace and supersede any and all municipal charter enactments or local ordinances inconsistent with it. Such charters and ordinances hereby are repealed.

SECTION 59. Authority of cities and counties over establishments that serve marijuana. (1) Cities and counties may adopt reasonable time, place and manner regulations of the nuisance aspects of establishments that sell marijuana to consumers if the city or county makes specific findings that the establishment would cause adverse effects to occur.

(2) The authority granted to cities and counties by this section is in addition to, and not in lieu of, the authority granted to a city or county under its charter and the statutes and Constitution of this state.

SECTION 60. Petition and election for local option. (1) The governing body of a city or a county, when a petition is filed as provided in this section, shall order an election on the question whether the operation of licensed premises shall be prohibited in the city or county.

(2) Except as provided in subsections (3), (4) and (5) of this section, the requirements for preparing, circulating and filing a petition under this section:

(a) In the case of a city, shall be as provided for an initiative petition under ORS 250.265 to 250.346.

(b) In the case of a county, shall be as provided for an initiative petition under ORS 250.165 to 250.235.

(3) A petition under subsection (2) of this section:

(a) Must be filed not less than 60 days before the day of the election; and

(b) Must be signed by not less than 10 percent of the electors registered in the city or county.

(4) If ORS 250.155 makes ORS 250.165 to 250.235 inapplicable to a county or if ORS 250.255 makes ORS 250.265 to 250.346 inapplicable to a city, the requirements for preparing, circulating and filing a petition under this section shall be as provided for an initiative petition under the county or city charter or an ordinance adopted under the county or city charter.

(5) No signature is valid unless signed within 180 days before the petition is filed.

(6) An election under this section shall be held at the time of the next statewide general election.

(7) An election under this section shall be conducted under ORS chapters 246 to 260.

SECTION 61. Sales not affected by local option laws. Section 60 of this Act shall not prevent any person residing in the county or city from having, for personal use, marijuana items purchased from marijuana retailers duly licensed under this Act.

SECTION 62. Effective date of local option. In each county or city that returns a majority vote for or against prohibition, the law shall take effect on January 1 following the day of election.

(Enforcement of Marijuana Laws)

SECTION 63. Duty of officers to enforce and to inform district attorney. The state police, sheriffs, constables and all police officers within the State of Oregon shall enforce sections 3 to 30 of this Act and sections 45 to 70 of this Act and assist the Oregon Liquor Control Commission in detecting violations of sections 3 to 30 of this Act and sections 45 to 70 of this Act and apprehending offenders. Each such enforcing officer having notice, knowledge or reasonable ground of suspicion of any violation of sections 3 to 30 of this Act or sections 45 to 70 of this Act shall immediately notify the district attorney, and furnish the district attorney with names and addresses of any witnesses, or other information within the officer's knowledge, of such violation.

SECTION 64. Confiscation of marijuana and property. (1) Whenever any officer arrests any person for violation of sections 3 to 30 of this Act or sections 45 to 70 of this Act, the officer may take into possession all marijuana items, and other property which the person so arrested has in possession, or on the premises, which is apparently being used in violation of sections 3 to 30 of this Act or sections 45 to 70 of this Act.

(2) If the person so arrested is convicted, and it is found that the marijuana items, and other property has been used in violation of Oregon law:

(a) The marijuana items shall be forfeited to an appropriate state or local law enforcement agency, and shall be delivered by the court or officer to the law enforcement agency; and

(b) Subject to other applicable law, the other property shall be forfeited to the Oregon Liquor Control Commission, and shall be delivered by the court or officer to the commission.

(3) The commission is authorized to destroy or make such other disposition of any property it receives under paragraph (b) of subsection (2) of this section as it considers to be in the public interest. In any such case, all such property, including lockers, chairs, tables, cash registers, music devices, gambling devices, furniture, furnishings, equipment and facilities for the storing, serving or using of marijuana items shall be confiscated and forfeited to the state, and the clear proceeds shall be deposited with the State Treasury in the Common School Fund in the manner provided in this section.

SECTION 65. Duty to notify Oregon Liquor Control Commission of conviction of licensee. The county courts, district attorneys and municipal authorities, immediately upon the conviction of any licensee of the Oregon Liquor Control Commission of a violation of any provision of sections 3 to 30 of this Act or sections 45 to 70 of this Act or the violation of any other law of this state or ordinance of any municipality therein, in which violation marijuana had any part, shall notify the commission thereof. Such officials shall notify the commission of any acts, practices or other conduct of any such licensee which may be subversive of the general welfare or contrary to the spirit of this Act and shall recommend such action on the part of the commission as will remove the evil.

SECTION 66. Property and places as common nuisances. Any room, house, building, boat, structure or place of any kind where marijuana items are sold, manufactured, bartered or given away in violation of Oregon law, or where persons are permitted to resort for the purpose of using marijuana items in violation of Oregon law, or any place where marijuana items are kept for sale, barter or gift in violation of Oregon law, and all marijuana items or property subject to confiscation under section 64 of this Act kept and used in such place is a common nuisance. Any person who maintains or assists in maintaining such common nuisance or knowingly suffers or permits such nuisance to exist in any place of which the person is the owner, manager or lessor, shall be guilty of a violation of sections 3 to 30 of this Act and sections 45 to 70 of this Act.

SECTION 67. Lien on place used to unlawfully handle marijuana. If it is proved that the owner of any building or premises knowingly has suffered the same to be used or occupied for the manufacture, sale or possession of marijuana items, contrary to the provisions of sections 3 to 30 of this Act or sections 45 to 70 of this Act, such building or premises are subject to a lien for, and may be sold to pay all fines and costs assessed against their occupants for any violation of sections 3 to 30 of this Act or sections 45 to 70 of this Act. The lien shall be enforced immediately by civil action in any court having jurisdiction, by the district attorney of the county wherein the building or premises are located.

SECTION 68. Governor authorized to suspend license. In case of invasion, disaster, insurrection, riot, or imminent danger thereof, the Governor may, for the duration of such invasion, disaster, insurrection, riot, or imminent danger thereof, immediately suspend without notice any license in the area involved granted under sections 3 to 30 of this Act or sections 45 to 70 of this Act.

(Penalties)

SECTION 69. Penalties. (1) Except where other punishment is specifically provided for in sections 3 to 70 of this Act, violation of any provision of sections 3 to 70 of this Act is a Class A misdemeanor.

(2) A violation of subsection (1) of section 40 of this Act is a Class B misdemeanor.

(3) Subject to ORS 153.022, violation of any regulation promulgated under paragraph (e) of subsection (2) of section 7 of this Act is a Class C violation.

SECTION 70. Severability. If any sections, subsections, paragraphs, phrases, or words of sections 3 to 70 of this Act shall be held unconstitutional, void, or illegal, either on their face or as applied, this shall not affect the applicability, constitutionality, or legality of any other sections, subsections, paragraphs, phrases, and words of sections 3 to 70 of this Act. To that end, the sections, subsections, paragraphs, phrases, and words of sections 3 to 70 of this Act are intended to be severable. It is hereby declared to be the intent of sections 3 to 70 of this Act that sections 3 to 70 of this Act would have been adopted had such unconstitutional, void, or illegal sections, subsections, paragraphs, phrases, or words, if any, not been included in sections 3 to 70 of this Act.

SECTION 71. Section 280E of the Internal Revenue Code. Section 280E of the Internal Revenue Code does not apply for purposes of determining taxable income or loss under this chapter.

SECTION 72. Definition of controlled substance. As used in the following statutes and any rule adopted thereunder, the term “controlled substance” shall not include marijuana:

(1) ORS 475.125 to ORS 475.165 (registration with the State Board of Pharmacy).

(2) ORS 475.175 to ORS 475.190 (records).

SECTION 73. Use of marijuana while driving; penalty. (1) A person commits the offense of use of marijuana while driving if the person uses any marijuana while driving a motor vehicle upon a highway.

(2) The offense described in this section, use of marijuana while driving, is a Class B traffic violation.

SECTION 74. ORS 316.680, as amended by section 3, chapter 194, Oregon Laws 2013, is amended to read:

316.680 Modification of taxable income. (1) There shall be subtracted from federal taxable income:

(a) The interest or dividends on obligations of the United States and its territories and possessions or of any authority, commission or instrumentality of the United States to the extent includable in gross income for federal income tax purposes but exempt from state income taxes under the laws of the United States. However, the amount subtracted under this paragraph shall be reduced by any interest on indebtedness incurred to carry the obligations or securities described in this paragraph, and by any expenses incurred in the production of interest or dividend income described in this paragraph to the extent that such expenses, including amortizable bond premiums, are deductible in determining federal taxable income.

(b) The amount of any federal income taxes accrued by the taxpayer during the taxable year as described in ORS 316.685, less the amount of any refunds of federal taxes previously accrued for which a tax benefit was received.

(c) Amounts allowable under sections 2621(a)(2) and 2622(b) of the Internal Revenue Code to the extent that the taxpayer does not elect under section 642(g) of the Internal Revenue Code to reduce federal taxable income by those amounts.

(d) Any supplemental payments made to JOBS Plus Program participants under ORS 411.892.

(e)(A) Federal pension income that is attributable to federal employment occurring before October 1, 1991. Federal pension income that is attributable to federal employment occurring before October 1, 1991, shall be determined by multiplying the total amount of federal pension

income for the tax year by the ratio of the number of months of federal creditable service occurring before October 1, 1991, over the total number of months of federal creditable service.

(B) The subtraction allowed under this paragraph applies only to federal pension income received at a time when:

(i) Benefit increases provided under chapter 569, Oregon Laws 1995, are in effect; or

(ii) Public Employees Retirement System benefits received for service prior to October 1, 1991, are exempt from state income tax.

(C) As used in this paragraph:

(i) "Federal creditable service" means those periods of time for which a federal employee earned a federal pension.

(ii) "Federal pension" means any form of retirement allowance provided by the federal government, its agencies or its instrumentalities to retirees of the federal government or their beneficiaries.

(f) Any amount included in federal taxable income for the tax year that is attributable to the conversion of a regular individual retirement account into a Roth individual retirement account described in section 408A of the Internal Revenue Code, to the extent that:

(A) The amount was subject to the income tax of another state or the District of Columbia in a prior tax year; and

(B) The taxpayer was a resident of the other state or the District of Columbia for that prior tax year.

(g) Any amounts awarded to the taxpayer by the Public Safety Memorial Fund Board under ORS 243.954 to 243.974 to the extent that the taxpayer has not taken the amount as a deduction in determining the taxpayer's federal taxable income for the tax year.

(h) If included in taxable income for federal tax purposes, the amount withdrawn during the tax year in qualified withdrawals from a college savings network account established under ORS 348.841 to 348.873.

(i) For income tax years commencing on or after January 1, 2015, the amount of any deductions or credits that the taxpayer would have been allowed but for the provisions of section 280E of the Internal Revenue Code.

(2) There shall be added to federal taxable income:

(a) Interest or dividends, exempt from federal income tax, on obligations or securities of any foreign state or of a political subdivision or authority of any foreign state. However, the amount

added under this paragraph shall be reduced by any interest on indebtedness incurred to carry the obligations or securities described in this paragraph and by any expenses incurred in the production of interest or dividend income described in this paragraph.

(b) Interest or dividends on obligations of any authority, commission, instrumentality and territorial possession of the United States that by the laws of the United States are exempt from federal income tax but not from state income taxes. However, the amount added under this paragraph shall be reduced by any interest on indebtedness incurred to carry the obligations or securities described in this paragraph and by any expenses incurred in the production of interest or dividend income described in this paragraph.

(c) The amount of any federal estate taxes allocable to income in respect of a decedent not taxable by Oregon.

(d) The amount of any allowance for depletion in excess of the taxpayer's adjusted basis in the property depleted, deducted on the taxpayer's federal income tax return for the taxable year, pursuant to sections 613, 613A, 614, 616 and 617 of the Internal Revenue Code.

(e) For taxable years beginning on or after January 1, 1985, the dollar amount deducted under section 151 of the Internal Revenue Code for personal exemptions for the taxable year.

(f) The amount taken as a deduction on the taxpayer's federal return for unused qualified business credits under section 196 of the Internal Revenue Code.

(g) The amount of any increased benefits paid to a taxpayer under chapter 569, Oregon Laws 1995, under the provisions of chapter 796, Oregon Laws 1991, and under section 26, chapter 815, Oregon Laws 1991, that is not includable in the taxpayer's federal taxable income under the Internal Revenue Code.

(h) The amount of any long term care insurance premiums paid or incurred by the taxpayer during the tax year if:

(A) The amount is taken into account as a deduction on the taxpayer's federal return for the tax year; and

(B) The taxpayer claims the credit allowed under ORS 315.610 for the tax year.

(i) Any amount taken as a deduction under section 1341 of the Internal Revenue Code in computing federal taxable income for the tax year, if the taxpayer has claimed a credit for claim of right income repayment adjustment under ORS 315.068.

(j) If the taxpayer makes a nonqualified withdrawal, as defined in ORS 348.841, from a college savings network account established under ORS 348.841 to 348.873, the amount of the withdrawal that is attributable to contributions that were subtracted from federal taxable income under ORS 316.699.

(3) Discount and gain or loss on retirement or disposition of obligations described under subsection (2)(a) of this section issued on or after January 1, 1985, shall be treated for purposes of this chapter in the same manner as under sections 1271 to 1283 and other pertinent sections of the Internal Revenue Code as if the obligations, although issued by a foreign state or a political subdivision of a foreign state, were not tax exempt under the Internal Revenue Code.

SECTION 75. ORS 475.525 is amended to read:

475.525 Sale of drug paraphernalia prohibited; definition of drug paraphernalia; exceptions. (1) It is unlawful for any person to sell or deliver, possess with intent to sell or deliver or manufacture with intent to sell or deliver drug paraphernalia, knowing that it will be used to unlawfully plant, propagate, cultivate, grow, harvest, manufacture, compound, convert, produce, process, prepare, test, analyze, pack, repack, store, contain, conceal, inject, ingest, inhale or otherwise introduce into the human body a controlled substance as defined by ORS 475.005.

(2) For the purposes of this section, "drug paraphernalia" means all equipment, products and materials of any kind which are marketed for use or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, containing, concealing, injecting, ingesting, inhaling or otherwise introducing into the human body a controlled substance in violation of ORS 475.840 to 475.980. Drug paraphernalia includes, but is not limited to:

- (a) Kits marketed for use or designed for use in unlawfully planting, propagating, cultivating, growing or harvesting of any species of plant which is a controlled substance or from which a controlled substance can be derived;
- (b) Kits marketed for use or designed for use in manufacturing, compounding, converting, producing, processing or preparing controlled substances;
- (c) Isomerization devices marketed for use or designed for use in increasing the potency of any species of plant which is a controlled substance;
- (d) Testing equipment marketed for use or designed for use in identifying or in analyzing the strength, effectiveness or purity of controlled substances;
- (e) Scales and balances marketed for use or designed for use in weighing or measuring controlled substances;
- (f) Diluents and adulterants, such as quinine hydrochloride, mannitol, mannite, dextrose and lactose, marketed for use or designed for use in cutting controlled substances;
- (g) Separation gins and sifters marketed for use or designed for use in removing twigs and seeds from, or in otherwise cleaning or refining marijuana;

(h) Containers and other objects marketed for use or designed for use in storing or concealing controlled substances; and

(i) Objects marketed for use or designed specifically for use in ingesting, inhaling or otherwise introducing marijuana, cocaine, hashish or hashish oil into the human body, such as:

(A) Metal, wooden, acrylic, glass, stone, plastic or ceramic pipes with or without screens, permanent screens or hashish heads;

(B) Water pipes;

(C) Carburetion tubes and devices;

(D) Smoking and carburetion masks;

(E) Roach clips, meaning objects used to hold burning material that has become too small or too short to be held in the hand, such as a marijuana cigarette;

(F) Miniature cocaine spoons and cocaine vials;

(G) Chamber pipes;

(H) Carburetor pipes;

(I) Electric pipes;

(J) Air-driven pipes;

(K) Chillums;

(L) Bongs;

(M) Ice pipes or chillers; and

(N) Lighting equipment specifically designed for the growing of controlled substances.

(3) Drug paraphernalia does not include hypodermic syringes or needles.

(4) For the purposes of this section, "marijuana paraphernalia" means all equipment, products and materials of any kind which are marketed for use or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, containing, concealing, injecting, ingesting, inhaling or otherwise introducing into the human body marijuana in violation of ORS 475.840 to 475.980.

[(4)] (5) In determining whether an object is drug paraphernalia or **marijuana paraphernalia**, a trier of fact should consider, in addition to all other relevant factors, the following:

- (a) Instructions, oral or written, provided with the object concerning its use;
- (b) Descriptive materials accompanying the object which explain or depict its use;
- (c) National and local advertising concerning its use;
- (d) The manner in which the object is displayed for sale;
- (e) The existence and scope of legitimate uses for the object in the community; and
- (f) Any expert testimony which may be introduced concerning its use.

[(5)] (6) The provisions of ORS 475.525 to 475.565 do not apply to persons registered under the provisions of ORS 475.125 or to persons specified as exempt from registration under the provisions of that statute.

(7) The provisions of ORS 475.525 to 475.565 do not apply to a person who sells or delivers marijuana paraphernalia to a person 21 years of age or older.

SECTION 76. ORS 475.752, as amended by section 3, chapter 591, Oregon Laws 2013, is amended to read:

475.752 Prohibited acts generally; penalties; affirmative defense for certain peyote uses; causing death by Schedule IV substance. (1) Except for licensees and licensee representatives as defined in subsections (10) and (11) of section 5 of this Act, and except for a person acting within the scope of and in compliance with subsection (1) of section 6 of this Act, and except as authorized by ORS 475.005 to 475.285 and 475.752 to 475.980, it is unlawful for any person to manufacture or deliver a controlled substance. Any person who violates this subsection with respect to:

- (a) A controlled substance in Schedule I, is guilty of a Class A felony, except as otherwise provided in ORS 475.886 and 475.890.
- (b) A controlled substance in Schedule II, is guilty of a Class B felony, except as otherwise provided in ORS 475.858, 475.860, 475.862, 475.878, 475.880, 475.882, 475.904 and 475.906.
- (c) A controlled substance in Schedule III, is guilty of a Class C felony, except as otherwise provided in ORS 475.904 and 475.906.
- (d) A controlled substance in Schedule IV, is guilty of a Class B misdemeanor.
- (e) A controlled substance in Schedule V, is guilty of a Class C misdemeanor.

(2) Except as authorized in ORS 475.005 to 475.285 and 475.752 to 475.980, it is unlawful for any person to create or deliver a counterfeit substance. Any person who violates this subsection with respect to:

- (a) A counterfeit substance in Schedule I, is guilty of a Class A felony.
- (b) A counterfeit substance in Schedule II, is guilty of a Class B felony.
- (c) A counterfeit substance in Schedule III, is guilty of a Class C felony.
- (d) A counterfeit substance in Schedule IV, is guilty of a Class B misdemeanor.
- (e) A counterfeit substance in Schedule V, is guilty of a Class C misdemeanor.

(3) It is unlawful for any person knowingly or intentionally to possess a controlled substance, **other than marijuana**, unless the substance was obtained directly from, or pursuant to a valid prescription or order of, a practitioner while acting in the course of professional practice, or except as otherwise authorized by ORS 475.005 to 475.285 and 475.752 to 475.980. Any person who violates this subsection with respect to:

- (a) A controlled substance in Schedule I, is guilty of a Class B felony, except as otherwise provided in ORS 475.894.
- (b) A controlled substance in Schedule II, is guilty of a Class C felony, except as otherwise provided in ORS 475.864.
- (c) A controlled substance in Schedule III, is guilty of a Class A misdemeanor.
- (d) A controlled substance in Schedule IV, is guilty of a Class C misdemeanor.
- (e) A controlled substance in Schedule V, is guilty of a violation.

(4) In any prosecution under this section for manufacture, possession or delivery of that plant of the genus *Lophophora* commonly known as peyote, it is an affirmative defense that the peyote is being used or is intended for use:

- (a) In connection with the good faith practice of a religious belief;
- (b) As directly associated with a religious practice; and
- (c) In a manner that is not dangerous to the health of the user or others who are in the proximity of the user.

(5) The affirmative defense created in subsection (4) of this section is not available to any person who has possessed or delivered the peyote while incarcerated in a correctional facility in this state.

(6)(a) Notwithstanding subsection (1) of this section, a person who unlawfully manufactures or delivers a controlled substance in Schedule IV and who thereby causes death to another person is guilty of a Class C felony.

(b) For purposes of this subsection, causation is established when the controlled substance plays a substantial role in the death of the other person.

SECTION 77. ORS 475.856, as amended by section 1, chapter 591, Oregon Laws 2013, is amended to read:

475.856 Unlawful manufacture of marijuana. (1) *[It]* Except for licensees and licensee representatives as defined in subsections (10) and (11) of section 5 of this Act, and except for a person acting within the scope of and in compliance with subsection (1) of section 6 of this Act, it is unlawful for any person to manufacture marijuana.

(2) Unlawful manufacture of marijuana is a Class B felony.

(3) Notwithstanding subsection (2) of this section, unlawful manufacture of marijuana is a Class B misdemeanor, if a person 21 years of age or older manufactures homegrown marijuana at a household and the total number of homegrown marijuana plants at the household exceeds four marijuana plants but does not exceed eight marijuana plants.

(4) As used in subsection (3) of this section, the terms “homegrown” and “household” have the meanings given to them in section 5 of this Act.

SECTION 78. ORS 475.860 is amended to read:

475.860 Unlawful delivery of marijuana. (1) *[It]* Except for licensees and licensee representatives as defined in subsections (10) and (11) of section 5 of this Act, and except for a person acting within the scope of and in compliance with subsection (1) of section 6 of this Act, it is unlawful for any person to deliver marijuana.

(2) Unlawful delivery of marijuana is a:

(a) Class B felony if the delivery is for consideration.

(b) Class C felony if the delivery is for no consideration.

(3) Notwithstanding subsection (2) of this section, unlawful delivery of marijuana is a:

(a) Class A misdemeanor, if the delivery is for no consideration and consists of less than one avoirdupois ounce of the dried leaves, stems and flowers of the plant Cannabis family Moraceae;
or

(b) Violation, if the delivery is for no consideration and consists of less than five grams of the dried leaves, stems and flowers of the plant Cannabis family Moraceae. A violation under this

paragraph is a specific fine violation. The presumptive fine for a violation under this paragraph is \$650.

(4) Notwithstanding subsections (2) and (3) of this section, unlawful delivery of marijuana is a:

(a) Class A felony, if the delivery is to a person under 18 years of age and the defendant is at least 18 years of age and is at least three years older than the person to whom the marijuana is delivered; or

(b) Class C misdemeanor, if the delivery:

(A) Is for no consideration;

(B) Consists of less than five grams of the dried leaves, stems and flowers of the plant Cannabis family Moraceae;

(C) Takes place in a public place, as defined in ORS 161.015, that is within 1,000 feet of the real property comprising a public or private elementary, secondary or career school attended primarily by minors; and

(D) Is to a person who is 18 years of age or older.

SECTION 79. ORS 475.864, as amended by section 2, chapter 591, Oregon Laws 2013, is amended to read:

475.864 Unlawful possession of marijuana. (1) As used in subsections (2) to (4) of this section:

(a) "Marijuana" means the leaves, stems, and flowers of the plant Cannabis family Moraceae.

(b) "Marijuana product" has the meaning given the term "marijuana" in ORS 475.005 (16), but does not include the leaves, stems and flowers of the plant Cannabis family Moraceae.

(2) It is unlawful for any person **under 21 years of age** knowingly or intentionally to possess marijuana or marijuana product.

(3)(a) Unlawful possession of four avoirdupois ounces or more of marijuana **by a person under 21 years of age** is a Class C felony.

(b) Unlawful possession of one avoirdupois ounce of marijuana or more, but less than four avoirdupois ounces, **by a person under 21 years of age** is a Class B misdemeanor.

(c) Unlawful possession of less than one avoirdupois ounce of marijuana **by a person under 21 years of age** is a specific fine violation. The presumptive fine for a violation under this paragraph is \$650.

(4)(a) Unlawful possession of one-quarter avoirdupois ounce or more of marijuana product by a person under 21 years of age is a Class C felony.

(b) Unlawful possession of less than one-quarter avoirdupois ounce of marijuana product by a person under 21 years of age is a Class B misdemeanor.

(5) As used in subsections (6) to (8) of this section, the terms “licensee,” “licensee representative,” “marijuana,” “marijuana extracts,” “marijuana products,” “marijuana retailer,” “public place,” and “usable marijuana” have the meanings given to them in section 5 of this Act.

(6) Except for licensees and licensee representatives, it is unlawful for any person 21 years of age or older knowingly or intentionally to possess:

(a) More than one ounce of usable marijuana in a public place.

(b) More than eight ounces of usable marijuana.

(c) More than sixteen ounces of marijuana products in solid form.

(d) More than seventy-two ounces of marijuana products in liquid form.

(e) More than one ounce of marijuana extracts.

(f) Any marijuana extracts that were not purchased from a licensed marijuana retailer.

(7) A violation of paragraphs (a) to (e) of subsection (6) of this section is a:

(a) Class C felony, if the amount possessed is more than four times the applicable maximum amount specified in subsection (6) of this section;

(b) Class B misdemeanor, if the amount possessed is more than two times, but not more than four times, the applicable maximum amount specified in subsection (6) of this section;
or

(c) Class B violation, if the amount possessed is not more than two times the applicable maximum amount specified in subsection (6) of this section.

(8) A violation of paragraph (f) of subsection (6) of this section is a:

(a) Class C felony, if the amount possessed is more than one-quarter ounce of such marijuana extracts; or

(b) Class B misdemeanor, if the amount possessed is not more than one-quarter ounce of such marijuana extracts.

SECTION 80. ORS 571.315 is amended to read:

571.315 Revocation or refusal of license or permit; civil penalty. (1) In addition to any other liability or penalty provided by **Oregon** law, the State Department of Agriculture may revoke or refuse to issue or renew an industrial hemp license or an agricultural hemp seed production permit and may impose a civil penalty for violation of:

- (a) A license or permit requirement;
 - (b) License or permit terms or conditions;
 - (c) Department rules relating to growing or handling industrial hemp; or
 - (d) A final order of the department that is specifically directed to the grower's or handler's industrial hemp operations or activities.
- (2) The department may not impose a civil penalty under this section that exceeds \$2,500. The department shall impose civil penalties under this section in the manner provided by ORS 183.745.
- (3) The department may revoke or refuse to issue or renew an industrial hemp license or an agricultural hemp seed production permit for violation of any rule of the department that pertains to agricultural operations or activities other than industrial hemp growing or handling.
- (4) A revocation of, or a refusal to issue or renew, an industrial hemp license or an agricultural hemp seed production permit is subject to ORS chapter 183.
- (5) The department may not revoke or refuse to issue or renew an industrial hemp license or an agricultural hemp seed production permit on the basis that industrial hemp production or possession, or commerce in industrial hemp commodities or products, is prohibited by federal law.**

SECTION 81. Sections 71 to 73 of this Act and the amendments to ORS 316.680, 475.525, 475.752, 475.856, 475.860, 475.864, and 571.315 by sections 74 to 80 of this Act apply to conduct occurring on and after the operative date specified in subsection (1) of section 82 of this Act.

SECTION 82. (1) Sections 3 to 73 of this Act and the amendments to ORS 316.680, 475.525, 475.752, 475.856, 475.860, 475.864, and 571.315 by sections 74 to 80 of this Act become operative on July 1, 2015.

(2) The Oregon Liquor Control Commission may take any action before the operative date specified in subsection (1) of this section that is necessary to enable the commission to exercise, on and after the operative date specified in subsection (1) of this section, all the duties, functions and powers conferred on the commission by sections 3 to 73 of this Act

and the amendments to ORS 316.680, 475.525, 475.752, 475.856, 475.860, 475.864, and 571.315 by sections 74 to 80 of this Act.

SECTION 83. The section captions used in this Act are provided only for the convenience of the reader and do not become part of the statutory law of this state or express any legislative intent in the enactment of this Act.

SECTION 84. This Act becomes effective 30 days after the day on which it is approved by a majority of the votes cast on it.

SECTION 85. If an initiative petition that conflicts with this Act is placed on the ballot at the next regular general election held throughout this state on November 4, 2014, and if both this Act and the conflicting initiative petition are approved by a majority of the votes cast thereon, the conflicting initiative petition is repealed in its entirety if this Act receives a number of affirmative votes greater than the number of affirmative votes received by the conflicting initiative petition.

SECTION 86. If any sections, subsections, paragraphs, phrases, or words of this Act (including but not limited to the entirety of sections 7 to 70 of this Act) shall be held unconstitutional, void, or illegal, either on their face or as applied, this shall not affect the applicability, constitutionality, or legality of any other sections, subsections, paragraphs, phrases, and words of this Act. To that end, the sections, subsections, paragraphs, phrases, and words of this Act are intended to be severable. It is hereby declared to be the intent of this Act that this Act would have been adopted had such unconstitutional, void, or illegal sections, subsections, paragraphs, phrases, or words, if any, not been included in this Act.



U.S. Department of Justice

Office of the Deputy Attorney General

The Deputy Attorney General

Washington, D.C. 20530

Exhibit C

August 29, 2013

MEMORANDUM FOR ALL UNITED STATES ATTORNEYS

FROM: James M. Cole 
Deputy Attorney General

SUBJECT: Guidance Regarding Marijuana Enforcement

In October 2009 and June 2011, the Department issued guidance to federal prosecutors concerning marijuana enforcement under the Controlled Substances Act (CSA). This memorandum updates that guidance in light of state ballot initiatives that legalize under state law the possession of small amounts of marijuana and provide for the regulation of marijuana production, processing, and sale. The guidance set forth herein applies to all federal enforcement activity, including civil enforcement and criminal investigations and prosecutions, concerning marijuana in all states.

As the Department noted in its previous guidance, Congress has determined that marijuana is a dangerous drug and that the illegal distribution and sale of marijuana is a serious crime that provides a significant source of revenue to large-scale criminal enterprises, gangs, and cartels. The Department of Justice is committed to enforcement of the CSA consistent with those determinations. The Department is also committed to using its limited investigative and prosecutorial resources to address the most significant threats in the most effective, consistent, and rational way. In furtherance of those objectives, as several states enacted laws relating to the use of marijuana for medical purposes, the Department in recent years has focused its efforts on certain enforcement priorities that are particularly important to the federal government:

- Preventing the distribution of marijuana to minors;
- Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels;
- Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
- Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;

- Preventing violence and the use of firearms in the cultivation and distribution of marijuana;
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
- Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
- Preventing marijuana possession or use on federal property.

These priorities will continue to guide the Department's enforcement of the CSA against marijuana-related conduct. Thus, this memorandum serves as guidance to Department attorneys and law enforcement to focus their enforcement resources and efforts, including prosecution, on persons or organizations whose conduct interferes with any one or more of these priorities, regardless of state law.¹

Outside of these enforcement priorities, the federal government has traditionally relied on states and local law enforcement agencies to address marijuana activity through enforcement of their own narcotics laws. For example, the Department of Justice has not historically devoted resources to prosecuting individuals whose conduct is limited to possession of small amounts of marijuana for personal use on private property. Instead, the Department has left such lower-level or localized activity to state and local authorities and has stepped in to enforce the CSA only when the use, possession, cultivation, or distribution of marijuana has threatened to cause one of the harms identified above.

The enactment of state laws that endeavor to authorize marijuana production, distribution, and possession by establishing a regulatory scheme for these purposes affects this traditional joint federal-state approach to narcotics enforcement. The Department's guidance in this memorandum rests on its expectation that states and local governments that have enacted laws authorizing marijuana-related conduct will implement strong and effective regulatory and enforcement systems that will address the threat those state laws could pose to public safety, public health, and other law enforcement interests. A system adequate to that task must not only contain robust controls and procedures on paper; it must also be effective in practice. Jurisdictions that have implemented systems that provide for regulation of marijuana activity

¹ These enforcement priorities are listed in general terms; each encompasses a variety of conduct that may merit civil or criminal enforcement of the CSA. By way of example only, the Department's interest in preventing the distribution of marijuana to minors would call for enforcement not just when an individual or entity sells or transfers marijuana to a minor, but also when marijuana trafficking takes place near an area associated with minors; when marijuana or marijuana-infused products are marketed in a manner to appeal to minors; or when marijuana is being diverted, directly or indirectly, and purposefully or otherwise, to minors.

must provide the necessary resources and demonstrate the willingness to enforce their laws and regulations in a manner that ensures they do not undermine federal enforcement priorities.

In jurisdictions that have enacted laws legalizing marijuana in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale, and possession of marijuana, conduct in compliance with those laws and regulations is less likely to threaten the federal priorities set forth above. Indeed, a robust system may affirmatively address those priorities by, for example, implementing effective measures to prevent diversion of marijuana outside of the regulated system and to other states, prohibiting access to marijuana by minors, and replacing an illicit marijuana trade that funds criminal enterprises with a tightly regulated market in which revenues are tracked and accounted for. In those circumstances, consistent with the traditional allocation of federal-state efforts in this area, enforcement of state law by state and local law enforcement and regulatory bodies should remain the primary means of addressing marijuana-related activity. If state enforcement efforts are not sufficiently robust to protect against the harms set forth above, the federal government may seek to challenge the regulatory structure itself in addition to continuing to bring individual enforcement actions, including criminal prosecutions, focused on those harms.

The Department's previous memoranda specifically addressed the exercise of prosecutorial discretion in states with laws authorizing marijuana cultivation and distribution for medical use. In those contexts, the Department advised that it likely was not an efficient use of federal resources to focus enforcement efforts on seriously ill individuals, or on their individual caregivers. In doing so, the previous guidance drew a distinction between the seriously ill and their caregivers, on the one hand, and large-scale, for-profit commercial enterprises, on the other, and advised that the latter continued to be appropriate targets for federal enforcement and prosecution. In drawing this distinction, the Department relied on the common-sense judgment that the size of a marijuana operation was a reasonable proxy for assessing whether marijuana trafficking implicates the federal enforcement priorities set forth above.

As explained above, however, both the existence of a strong and effective state regulatory system, and an operation's compliance with such a system, may allay the threat that an operation's size poses to federal enforcement interests. Accordingly, in exercising prosecutorial discretion, prosecutors should not consider the size or commercial nature of a marijuana operation alone as a proxy for assessing whether marijuana trafficking implicates the Department's enforcement priorities listed above. Rather, prosecutors should continue to review marijuana cases on a case-by-case basis and weigh all available information and evidence, including, but not limited to, whether the operation is demonstrably in compliance with a strong and effective state regulatory system. A marijuana operation's large scale or for-profit nature may be a relevant consideration for assessing the extent to which it undermines a particular federal enforcement priority. The primary question in all cases – and in all jurisdictions – should be whether the conduct at issue implicates one or more of the enforcement priorities listed above.

As with the Department's previous statements on this subject, this memorandum is intended solely as a guide to the exercise of investigative and prosecutorial discretion. This memorandum does not alter in any way the Department's authority to enforce federal law, including federal laws relating to marijuana, regardless of state law. Neither the guidance herein nor any state or local law provides a legal defense to a violation of federal law, including any civil or criminal violation of the CSA. Even in jurisdictions with strong and effective regulatory systems, evidence that particular conduct threatens federal priorities will subject that person or entity to federal enforcement action, based on the circumstances. This memorandum is not intended to, does not, and may not be relied upon to create any rights, substantive or procedural, enforceable at law by any party in any matter civil or criminal. It applies prospectively to the exercise of prosecutorial discretion in future cases and does not provide defendants or subjects of enforcement action with a basis for reconsideration of any pending civil action or criminal prosecution. Finally, nothing herein precludes investigation or prosecution, even in the absence of any one of the factors listed above, in particular circumstances where investigation and prosecution otherwise serves an important federal interest.

cc: Mythili Raman
Acting Assistant Attorney General, Criminal Division

Loretta E. Lynch
United States Attorney
Eastern District of New York
Chair, Attorney General's Advisory Committee

Michele M. Leonhart
Administrator
Drug Enforcement Administration

H. Marshall Jarrett
Director
Executive Office for United States Attorneys

Ronald T. Hosko
Assistant Director
Criminal Investigative Division
Federal Bureau of Investigation

AN ORDINANCE RELATING TO MARIJUANA, AMENDING MUNICIPAL CODE 5.03, "OFFENSES", AS AMENDED

THE CITY OF CORVALLIS ORDAINS AS FOLLOWS:

Section 1. Municipal Code Section 5.03.040.020 is hereby amended as follows:

Section 5.03.040.020 - Marijuana.**5.03.040.020.01 - Definitions.**

For the purposes of this Section, the following definitions shall apply:

- 1) "Marijuana" means all parts of the plant Cannabis family Moraceae, whether growing or not, other than marijuana extracts.
- 2) "Marijuana extract" means a product obtained by separating resins from marijuana by solvent extraction, using solvents other than vegetable glycerin, such as butane, hexane, isopropyl alcohol, ethanol, and carbon dioxide.
- 3) "Marijuana items" means marijuana, marijuana products, and marijuana extracts.
- 4) "Marijuana products" means products that contain marijuana or marijuana extracts and are intended for human consumption.
- 5) "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 premises used in connection with public passenger transportation.

5.03.040.020.02 - Unlawful possession of marijuana

- 1) It is unlawful for any person under 21 years of age knowingly or intentionally to possess marijuana or marijuana product.
- 2) Unlawful possession of less than one avoirdupois ounce of marijuana by a person under 21 years of age is a specific fine violation. The presumptive fine for a violation under this paragraph is \$650.
- 3) It shall be an affirmative defense, consistent with ORS 475.319, if a person is acting within the scope of and in compliance with the Oregon Medical Marijuana Act

5.03.040.020.03 - Attempted purchase of marijuana by person under 21; entry of licensed premises by person under 21

- 1) A person under 21 years of age may not attempt to purchase marijuana items.
- 2) Except as authorized by rule or as necessitated in an emergency, a person under 21 years of age may not enter or attempt to enter any portion of a licensed premises that is posted or otherwise identified as being prohibited to the use of minors.
- 3) A person who violates subsection (1) or (2) of this section commits a Class B violation.
- 4) It shall be an affirmative defense to this Section if a person is acting within the scope of and in compliance with the Oregon Medical Marijuana Act.
- 5) The prohibitions of this section do not apply to a person under 21 years of age who is acting under the direction of the Oregon Liquor Control Commission or under the direction of state or local law enforcement agencies for the purpose of investigating possible violations of laws prohibiting sales of marijuana items to persons who are under 21 years of age.

5.03.040.020.04 - Use of marijuana in public place prohibited

- 1) It is unlawful for any person to engage in the use of marijuana items in a public place.
- 2) A violation of subsection (1) of this section is a Class B violation.

5.03.040.020.05 - Homegrown marijuana in public view prohibited

- 1) No person may produce, process, keep, or store homegrown marijuana or homemade marijuana products if the homegrown marijuana or homemade marijuana products can be readily seen by normal unaided vision from a public place.
- 2) A violation of subsection (1) of this section is a Class B violation.

5.03.040.020.06 - Providing marijuana to certain persons prohibited.

- 1) No one shall sell, give, or otherwise make available any marijuana or marijuana products to a person under the age of 21 years.
- 2) A person who sells, gives, or otherwise makes available marijuana or marijuana products to a person with the knowledge that the person will violate this subsection.

- 3) A violation of this Section is a Class A Misdemeanor. Upon conviction, the Court shall impose at least a mandatory minimum sentence:
 - a) Upon a first conviction, a fine of \$500;
 - b) Upon a second conviction, a fine of \$1,000; and,
 - c) Upon a third conviction, a fine of \$1,500 and not less than 30 days of imprisonment.
- 4) The mandatory minimum penalty provisions of subsection 3) of this Section shall not apply to persons licensed or appointed by or through the Commission.
- 5) It shall be an affirmative defense to this Section if a person is acting within the scope of and in compliance with the Oregon Medical Marijuana Act as a designated primary caregiver as defined under ORS 475.312.
- 6) Except as provided in subsection 2) this Section is intended to be a strict liability crime and the court shall not require proof of a mental state.

5.03.040.020.07 - Hosting party for minors.

- 1) No person shall permit, allow or host a juvenile party at his or her place of residence or premises under the person's control while marijuana or marijuana products are consumed or possessed by any minor.
- 2) This Section is intended to be a strict liability crime and the court shall not require proof of a mental state.
- 3) A violation of this Section is a Class A misdemeanor. Upon conviction, the court shall impose at least a mandatory minimum sentence:
 - a) Upon a first conviction, a fine of \$500;
 - b) Upon a second conviction, a fine of \$1,000; and
 - c) Upon a third conviction, a fine of \$1,500 and not less than 30 days of imprisonment.

5.03.040.020.08 - Diversion.

- 1) A person charged with unlawful possession of marijuana may be eligible for a diversion agreement, if the offense for which the defendant is before the Court is the defendant's first offense, and the defendant files with the Court a petition for a possession of marijuana diversion agreement.

- 2) Unlawful possession of marijuana diversion petitions shall be available to a defendant at the Court. The petition form shall conform to the requirements of State law.
- 3) Diversion procedures shall be as prescribed by State statutes for possession of marijuana diversion agreements.

(Ord. 89-49 § 1, 1989; Ord. 88-50 § 3, 1988; Ord. 82-77 §§ 103.02.02—103.02.03, 1982)

PASSED by the City Council this ____ day of _____, 2015.

APPROVED by the Mayor this ____ day of _____, 2015.

EFFECTIVE this ____ day of _____, 2015.

Mayor

ATTEST:

City Recorder