

Secretary of State
STATEMENT OF NEED AND FISCAL IMPACT
A Notice of Proposed Rulemaking Hearing accompanies this form.

FILED
12-15-15 4:23 PM
ARCHIVES DIVISION
SECRETARY OF STATE

Oregon Health Authority, Public Health Division
Agency and Division

333
Administrative Rules Chapter Number

Medical Marijuana Growers, Processors, Dispensaries and Cards

Rule Caption (Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.)

In the Matter of:

Permanently adopting, amending and repealing administrative rules in chapter 333, division 8 related to medical marijuana growers, processors, dispensaries and cards.

Statutory Authority:

ORS 475.300 to 475.346, and Sections 80-90g, chapter 614, OL 2015

Other Authority:

Statutes Implemented:

ORS 475.300 to 475.346, and Sections 80-90g, chapter 614, OL 2015

Need for the Rule(s):

House Bill 3400 (Oregon Laws 2015, chapter 614) made many changes to the Oregon Medical Marijuana Act, ORS 475.300 to 475.346 and gave the Oregon Health Authority the regulatory authority to inspect and regulate medical marijuana growers and to register and regulate processors, which were previously unregulated in Oregon.

Other major components of the rules include:

- Plant limits for medical marijuana grow site addresses. Plant limits vary depending on whether or not growers were producing at an address before January 1, 2015, and the location of the grow site.
- Changes in fees for medical marijuana grow site registration and new fees for processors.
- Required background checks for individuals who have a financial interest in a business entity that is the owner of a processing site or dispensary.
- Health and safety requirements for medical marijuana producers and processors.
- More specific requirements for registered processing sites and dispensaries for inventory tracking systems.
- Inventory and transfer transaction reporting requirements for growers, processing sites and dispensaries.
- Limitations on the form of marijuana that can be used at work by an OMMP patient who is also an employee of a registered processing site or dispensary.
- Ability to assess civil penalties on patient, caregivers, growers, processing sites and dispensaries and against individuals not complying with the registration requirements in ORS 475.300 to 475.346 and HB 3400.
- Advertising limitations for growers, processing sites and dispensaries.

Additional amendments to existing administrative rules related to medical marijuana cards and medical marijuana dispensaries are also included as necessary to conform with the other changes to administrative rule.

A number of rule numbers are proposed to be repealed in order to reorganize division 8. Most of the information contained in the repealed rules is being amended and moved to other rule numbers and is not being deleted entirely.

Documents Relied Upon, and where they are available:

House Bill 3400 (Oregon Laws 2015, chapter 614): <https://olis.leg.state.or.us/liz/2015R1/Downloads/MeasureDocument/HB3400/Enrolled>

Fiscal and Economic Impact:

HB 3400 requires the OHA to develop a tracking system and to receive, analyze, evaluate, project, and inspect growsites and processors.

a. Growsites - A tracking system must be developed to receive, analyze and regulate marijuana products. Additional program staff are needed to project, evaluate, and complete financial forecasts and economic predictions and inspect grow sites. Fee increases proposed will increase

revenue in the 15-17 biennium from \$1,319,150 to \$5,276,600. This represents the change in fee from \$50 per grower to \$200 per grower. Revenue estimates are dependent on the number of individuals who chose to grow for anyone other than themselves and on the number of individuals who remain medical growers compared to becoming growers in the retail market.

b. Processors - Cost for developing the registration system and for registering, evaluating and inspecting processors are included in the fee determination. The proposed revenue for the 2015-2017 biennium is \$1,970,000. This represents a fee of \$4,000 per processor. Revenue estimates are dependent on the number of processors who remain in the medical market compared to transitioning to the retail market.

Statement of Cost of Compliance:

1. Impact on state agencies, units of local government and the public (ORS 183.335(2)(b)(E)):

The proposed rules will require the state public health division to engage in additional regulatory work related to medical marijuana growsites and processors; there is no direct impact on local governments unless those governments choose to prohibit marijuana facilities; there is no known impact on members of the public who are not marijuana business owners or operators.

2. Cost of compliance effect on small business (ORS 183.336):

a. Estimate the number of small business and types of businesses and industries with small businesses subject to the rule:

Up to approximately 350 dispensaries could be impacted by these rules. Based on a survey of marijuana businesses, as many as 45,000 growers and 275 processors could also be impacted, however it is unclear how many of these growers, processors and dispensaries will remain in the medical marijuana supply chain and how many will become a part of the OLCC retail system. Increased fees paid by processors and growers will increase their overall business costs.

b. Projected reporting, recordkeeping and other administrative activities required for compliance, including costs of professional services:

Medical marijuana growers, processors and dispensaries will have additional administrative, recordkeeping, and reporting requirements as a result of new regulations. Medical marijuana growers, dispensaries and processors must report data on transfers to the Authority monthly.

c. Equipment, supplies, labor and increased administration required for compliance:

The proposed rules contain no new requirements for labor. The rules require an inventory tracking system that has the ability to produce bar codes or unique identification, which could require additional equipment or supplies for some businesses.

How were small businesses involved in the development of this rule?

The Rules Advisory Committee included multiple representatives from medical marijuana growsites, processors, and dispensaries.

Administrative Rule Advisory Committee consulted?: Yes

If not, why?:

01-29-2016 5:00 p.m.	Brittany Sande	brittany.a.sande@state.or.us
Last Day (m/d/yyyy) and Time for public comment	Printed Name	Email Address