

# Marijuana Legalization Implementing Oregon's Regulatory System



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## Introduction

- Importantly the cannabis community accepted the terms of engagement for complying with “Cole Memo”, controlling diversion, and the need for overall enforceability
- Regulation – especially in a newly regulated industry – can be overwhelming to unfamiliar licensees and cannabis businesses to be consistently reminded of the financial and operational burden that will impact them
- You don’t control the timing: legislative changes and clarifications will be necessary but that will throw off timing of plans
- At the regulatory level, from grow to retail, the cannabis community were the “content experts” but were comfortable and willing to work with OLCC to create the regulatory process
- Regulatory agency staff will need to be creative and adaptive simultaneously at both the policy and field implementation levels

# Preventing Youth Access

- **Premise Check**

- Random compliance inspections
- Minor decoy operations (similar to alcohol)

- **Restrictions**

- 1000' from schools
  - Oregon Constitution robust “free speech” limits constraints
  - Local, time, place and manner

- **Packaging**

- Cannot appeal to children by its name, design or use of “cartoon” characters
- Restricted use and marketing of strain names attractive to children (e.g. Girl Scout Cookies)
- Advertising restriction: Can't be targeted to under 21 audience; no more than 30% of audience can be under 21

# Preventing Criminal Involvement

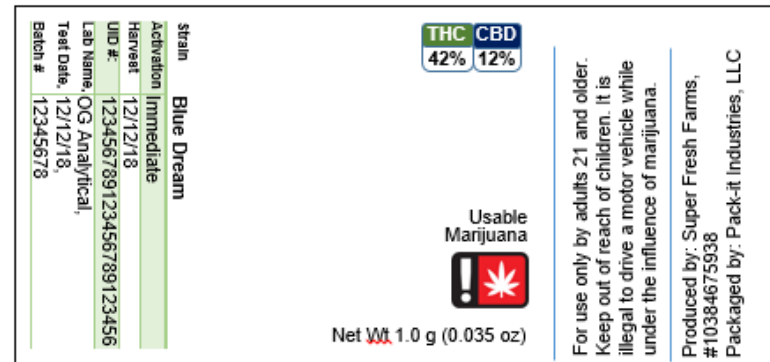
- **Licensing**
  - Unlimited (no cap); individuals can hold all types (vertical integration) and multiple licenses of the same type
  - Like liquor laws, state recreational marijuana laws are diverse
  - Lots of uncertainty among public officials and law enforcement that had to be addressed
- **Licensing requirements**
  - Criminal history investigation
  - Financial background investigation
  - Cannabis Worker Permits (expanded)
- **Law Enforcement**
  - Work with Oregon State Police and local law enforcement to identify illegal operations

## Preventing Diversion

- Legal cannabis industry wants robust law enforcement and is more than willing to report and seek enforcement
- **Cannabis Tracking System**
  - Build CTS (seed to sale) to match regulatory approach and analytic needs
  - System flags unusual activity >> early indicator for compliance
- **Security Requirements**
  - Cameras with 90 day backup offsite, security safes for product, panic buttons, transfer manifests, home delivery manifests
- **Possession Limits**
  - Daily purchase limit equal to personal possession limit
- **Compliance**
  - Start early developing procedures and enforcement approaches
  - Training regulatory workforce is challenging – it's on a parallel path with regulatory and implementation policy development

# Consumer Safety

- Packaging & Labeling requirements
  - Pre-approval process (OLCC – packaging standards; OHA – labeling standards)
  - Different serving sizes and concentrations based on product, medical/recreational
  - Child proof individual units and/or exit bags required
  - Universal warning label



# Consumer Safety

- **Packaging & Labeling requirements**
  - Warning statements for usable marijuana, edibles, topicals, tinctures, concentrates, extracts, and “other” products:
    - For use only by adults 21 and older. Keep out of reach of children (used on all products)
    - It is illegal to drive a motor vehicle while under the influence of marijuana. (used all products except topicals)
    - DO NOT EAT (used on extracts, concentrates, and topicals)
    - BE CAUTIOUS Cannabinoid edibles can take up to 2 hours or more to take effect (used on edibles)
  - The following statement is also required:
    - This product is not approved by the FDA to treat, cure, or prevent any disease.

# Consumer Safety

- Testing
  - Third party labs licensed by OLCC, certified by ORELAP
  - Product tested at Producer, Producer points in supply chain
  - Test panel: potency, water content, solvents, pesticides
  - Medical: All products tested
  - Recreational: Random testing of flower for pesticides (failure requires re-test of all flower)



## Recommendations

- Bolster enforcement (in and outside regulated system) using tracking data
- Develop Common Criminal Background Checks
- Manifest and Transportation Safety and Security
- Harmonize Warnings and “Universal Symbols for Packaging”
- Ensure licensees have access to business & financial services, and products that support compliance and prevent violence (banking, insurance, employee protections)