



Business Readiness Guidebook

for OLCC Marijuana Operations



Overview

This document is intended for establishing OLCC licensed marijuana businesses. Businesses that follow the guidance in this book will be better prepared to establish legal operations in Oregon and comply with state and local laws. This guidebook provides information outside of the OLCC rules and regulations for licensed facilities. Please visit www.marijuana.oregon.gov for a copy of those rules.

Please note: The Oregon Medical Marijuana Program (OMMP) and the Medical Marijuana Dispensary Program are both administered by the Oregon Health Authority's Public Health Division.

Reach out to the OHA directly with your questions:

OMMP (questions related to patients, growers or caregivers): 971-673-1234

Dispensary Program (questions regarding medical dispensaries or processors): 855-244-9580

Who We Are

The content* of this guidebook was provided by the following Oregon agencies:

Office of the Governor

Oregon Health Authority

Oregon Department of
Agriculture

Bureau of Labor and
Industries

Business Oregon

Department of
Environmental Quality

Department of Consumer
and Business Services

Oregon State Parks

Department of State Lands

Department of Land
Conservation and
Development

Oregon Secretary of State

Oregon Liquor Control
Commission

Oregon Department of
Energy

Oregon Water Resources
Department

Oregon Employment
Department

Energy Trust of Oregon

Oregon Department of
Revenue

Oregon Department of
Forestry

Department of Public Safety
Standards and Training

* As the OLCC marijuana program evolves the content and contributors will be updated. It is the responsibility of potential licensees to stay abreast and comply with all laws related to their business.

Special thanks to the IRAC Recreational Marijuana Regulations workgroup who created a similar document applicable to Washington state entities.

Their document can be found at <https://apps.lhwmp.org/IRAC/Publications.aspx>.

Agency Contact Information

Navigating through the regulatory framework can be complicated. Although government agencies are unable to give legal advice on business decisions, you may contact agencies directly to receive further clarification on a specific section or topic:

Office of the Governor: <http://www.oregon.gov/gov/pages/index.aspx>
Oregon Health Authority: <http://www.oregon.gov/OHA/Pages/index.aspx>
Oregon Department of Agriculture: <http://www.oregon.gov/oda/Pages/default.aspx>
Bureau of Labor and Industries: <http://www.oregon.gov/BOLI/Pages/index.aspx>
Business Oregon: <http://www.oregon4biz.com/>
Department of Environmental Quality: <http://www.oregon.gov/deq/pages/index.aspx>
Department of Consumer and Business Services: <http://www.oregon.gov/dcbs/pages/index.aspx>
Oregon State Parks: <http://www.oregon.gov/OPRD/>
Department of State Lands: <http://www.oregon.gov/dsl/pages/index.aspx>
Department of Land Conservation and Development: <http://www.oregon.gov/lcd/Pages/index.aspx>
Oregon Secretary of State: <http://sos.oregon.gov/Pages/index.aspx>
Oregon Liquor Control Commission: <http://www.oregon.gov/olcc/pages/index.aspx>
Oregon Department of Energy: <http://www.oregon.gov/ENERGY/Pages/index.aspx>
Oregon Water Resources Department: <http://www.oregon.gov/OWRD/pages/index.aspx>
Oregon Employment Department: <http://www.oregon.gov/employ/pages/default.aspx>
Energy Trust of Oregon: <http://energytrust.org/>
Oregon Department of Revenue: <http://www.oregon.gov/dor/pages/index.aspx>
Oregon Department of Forestry: <http://www.oregon.gov/ODF/Pages/index.aspx>
Oregon Healthcare: <http://www.oregonhealthcare.gov/>
Oregon Occupational Safety and Health Administration: <http://www.orosha.org/>
Oregon Building Codes Division: <http://www.cbs.state.or.us/external/bcd/>
Department of Public Safety and Training: www.oregon.gov/DPSST/PS

Visit the Below Websites to find Local Government Contacts:

Cities: <http://www.oregon4biz.com/Resources/Cities/>
Chambers of Commerce: <http://www.oregon4biz.com/Resources/Chambers/>
Counties: <http://www.oregon4biz.com/Resources/Counties/>
Ports: <http://www.oregon4biz.com/Resources/Ports/>
Tribes: <http://www.oregon4biz.com/Resources/Tribes/>
Community Development Organizations: <http://www.oregon4biz.com/Resources/Community-Development/>

Additional Resources:

League of Oregon Cities: <http://www.orcities.org/>
Association of Oregon Counties: <http://www.aocweb.org/aoc/default.aspx>

Contents

SECTION 1: Know Your Business License Types

OLCC Licenses	Page 6
Application Submittal Overview	Page 6

SECTION 2: Beginning Your Business

Developing a Business Plan	Page 7
Secretary of State Business Number	Page 8
Employment Law	Page 8
Land Use Planning & Zoning Compliance	Page 9
Local Codes: Building codes & Working with Contractors	Page 12

SECTION 3: Safety First

Workplace Safety & Health	Page 14
Workers' Compensation Insurance	Page 16

SECTION 4: Operating Your Business

Oregon's Recreational Marijuana Tax	Page 17
Weights & Measures	Page 21
Pesticides Use	Page 24
Plant Health & Insect Pest Prevention/Management	Page 25
Fire Season Requirements	Page 25
Marijuana Worker Permits	Page 26
Private Security Services	Page 26
Food Safety Licenses	Page 27
Industrial Hemp Growers & Handlers	Page 28
Packaging & Labeling Pre-Approval	Page 29
Tobacco and Inhalant Delivery Systems Sales to Minors	Page 29
Oregon's Bottle Bill	Page 30
Air Emissions & Waste Management	Page 31
Agricultural Water Quality	Page 35
Water Rights	Page 35
Withholding & Transit Taxes	Page 37
Liability & Property Insurance	Page 38
Unemployment Insurance	Page 39
Employee Classification	Page 39
Health Insurance for You & Your Employees	Page 40
Office of Minority, Women, & Emerging Small Business	Page 41
Energy Use	Page 41

Eligibility Reminder

Is your city or county located on the OLCC Opt-Out list?

If so, you may not be eligible for a license.



Oregon law grants cities and counties the opportunity to prohibit marijuana producers, processors, wholesalers, and/or retailers in their jurisdiction.

Local governments are required to refer ordinances banning recreational marijuana to voters at the next general election.*

For the complete opt-out list visit: http://www.oregon.gov/olcc/marijuana/Documents/Cities_Counties_RMJOptOut.pdf

*Prior to December 27, 2015, cities and counties could implement local bans without placing the ordinance on the next general election if 55 percent or more of the voters in their jurisdiction voted against Measure 91. However the ordinance must have been adopted by December 27, 2015.

Interested in seeing how your county voted on Measure 91? See the results from the Oregon Secretary of State website at <http://sos.oregon.gov/elections/Documents/results/results-2014-general-election.pdf>

Potential licensees should ensure they are compliant with all other local regulations, including but not limited to obtaining proper permits associated with operating their business. It is advised to begin working with your local governing bodies prior to submitting your OLCC application.

SECTION 2

Beginning Your Business

Developing a Business Plan

Oregon is a place where entrepreneurs are building diverse industries. Business Oregon networks with many organizations to help entrepreneurs find resources and access services helpful to starting a business in Oregon.

Step 1 - Research and Planning:

Your first step in starting a business in Oregon begins with researching and preparing a business plan. Contact Oregon's professional associations and guilds if you need assistance.

Professional service organizations can help navigate the registration process, create a business plan, and assist with other tasks related to start-ups.

Step 2 – Setup:

Business registration, business tax numbers, insurance, permits & licensing, hiring, and employer obligations. Find information, checklists, and forms for every step at the Business Portal at <http://www.oregon.gov/business/Pages/toolkit.aspx>.

Step 3 - Find Financing:

At this time, Business Oregon is not able to provide financial services to businesses engaged in the possession, manufacture, or sale of marijuana.

Oregon and out-of-state residents may invest in marijuana businesses. For more information review OLCC rules for “financial interest” and applicant qualifications at www.marijuana.oregon.gov.

Step 4 - Grow Your Business:

Are you ready to take your business to the next level? Participate in the Grow Oregon program at <http://www.oregon4biz.com/How-We-Can-Help/Grow-Oregon/> to experience sustained growth.

Visit Business Oregon's “How We Can Help” webpage at <http://www.oregon4biz.com/How-We-Can-Help/> for a full description of programs and services offered.

SECTION 2

Secretary of State Business Number

All businesses in the State of Oregon are required to register with the Secretary of State to obtain a business number. This number will be requested on the OLCC marijuana application.

For more information on how to obtain a Secretary of State Business number visit the Secretary of State website at <http://sos.oregon.gov/Pages/index.aspx>.



Not sure where to begin? The Secretary of State's Business Xpress website has detailed information on how to get your business up and running. Visit <http://www.oregon.gov/business/Pages/index.aspx>.

Employment Law

Oregon's Bureau of Labor and Industries (BOLI) works to protect employment rights. All businesses in the State of Oregon must comply with BOLI's regulations. Do your research early and familiarize yourself with BOLI laws to safeguard yourself and your employees.

Employment Law handbooks: Bureau of Labor and Industries' (BOLI) affordable handbooks for employers can be an invaluable resource on topics such as Wage and Hour Laws, Civil Right Protections, Leave Laws, Legal Hiring Practices, and Discipline and Discharge.

Employment Law Hotline: Compliance experts can field questions about a wage and civil rights issues at no cost at 971-673-0824. All calls are confidential.

Employment and compliance seminars: How should businesses deal with difficult employees? What do start-ups need to know about wage and hour laws? What's the latest on paid sick time and other leave laws? How should HR professionals identify and address harassment and other civil rights issues? BOLI offers more than 100 low-cost seminars each year focused on what your business needs to know. Visit: http://www.oregon.gov/boli/ta/pages/t_sem_taseminar.aspx for more information.

Employers can order employer handbooks, download free compliance posters, or order low-cost bilingual composites at:

http://www.oregon.gov/boli/TA/pages/t_tabooks.aspx.

Stay up to speed on marijuana consumption laws by visiting <http://whatslegaloregon.com> and make sure your employees do the same.

Land Use Planning & Zoning Compliance

Depending on license type, different zoning restrictions may apply, however no OLCC marijuana licensed facility...

- May be on federal property.
- May be at the same physical location or address as a liquor licensee licensed under ORS Chapter 471 or as a retail liquor agent appointed by the Commission.
- May be at the same physical location or address as a medical marijuana processing site registered with the OHA.
- May be at the same physical location or address as a medical marijuana dispensary registered with the OHA.
- With the exception of the producer license, may be in an area that is zoned exclusively for residential use.



If you are a producer:

- You may not be located at the same physical location or address as a medical marijuana grow site registered with the OHA, unless the grow site is also licensed under ORS 475B.080.
- May not be located on public land.

If you are a retailer:

- Except as provided in ORS 475B.109, the proposed licensed premises of a retail applicant may not be located within 1,000 feet of:
 - A public elementary or secondary school for which attendance is compulsory under ORS 339.020; or
 - A private or parochial elementary or secondary school, teaching children as described in ORS 339.030.

All licensed premises are to be located in Oregon. Importing or exporting marijuana items into or from the state is a local and federal offense.

Visit the Oregon Legislature website to review complete statutes (ORS) at <https://www.oregonlegislature.gov/>.

Cities and counties have the ability to adopt ordinances imposing reasonable regulations on the operation of businesses located within their jurisdiction. Be sure to contact your local government to ensure you are in compliance with their local laws.

Consistency with local land use planning and zoning is probably the first consideration that potential applicants should investigate.

Prior to acting on an application the OLCC:

Must receive a land use compatibility statement (LUCS) from the city or county that authorizes land use in the city or county in which the applicant's proposed premises is located.*

OLCC's land use compatibility form is available at www.marijuana.oregon.gov. Work with your local government directly to ensure all information is correct prior to submission.

**A LUCS is not required for those that meet all qualifications as indicated in 845-025-1090, (3) of OLCC rule.*

The best way to ensure compatibility with local comprehensive planning and zoning is to contact your local planning department before you apply for a license, or if you are considering the purchase of land, before you make that purchase.

Marijuana facilities may be allowed in certain zones, and may not be allowed in other zones. This may differ from city to county and from one local jurisdiction to another.

Except for counties that adopt local ordinances prohibiting marijuana operations, the production of marijuana may be licensed by the OLCC in any EFU zone.

What about Exclusive Farm Use (EFU) Zones? ORS 475B.370 states that marijuana is a crop for the purposes of farm use, defined in ORS 215.203, and is permitted in Exclusive Farm Use (EFU) zones.

Farm use includes both the preparation of the farm product, such as drying, packaging or labeling, and wholesaling of the unprocessed farm product.

However, a variety of other uses that may be proposed in conjunction with farm use require local land use approvals, and some of these uses are specifically prohibited by HB 3400 if in conjunction with a marijuana crop.

SECTION 2

The following table identifies all of the farm-related uses that are allowed under state law in EFU zones when in conjunction with a marijuana crop:

County Zones That Allow Marijuana-related Uses under State Law			
Use/Zones	EFU Zone	Forest or Mixed Farm/Forest Zone	Other Zones
Production	Farm Use Agricultural Building On-farm preparation (i.e. drying, bulk/wholesale packaging)	County discretion in local zoning	County discretion in local zoning
Processing	On-farm Processing		
Wholesaling	Farm Use		
Retailing	NA	NA	

Counties have the discretion whether or not to allow marijuana-related uses in zones other than EFU, however, these standards must be adopted into local zoning codes.

Marijuana-related uses that are specifically prohibited in EFU zones by ORS 475B include:

- Farm stands
- Commercial activities in conjunction with a marijuana crop
- New dwellings
 - New dwellings not allowed if used in conjunction with a marijuana crop include primary farm dwellings, accessory farm dwellings, and relative farm help dwellings.

Agricultural buildings (ORS 215.213(1)(e) or 215.283(1)(e)) and on-farm, smaller-scale processing (ORS 215.213(1)(u), or 215.283(1)(r)) in EFU zones require local land use approvals.

Virtually all authorized retail sales opportunities will be in non-resource zones. Marijuana production in non-resource zones, especially in cities, may be required by local governments to be within buildings in industrial zones.

The most direct path for any license type is to first gain local land use approval for the proposed land use:

- If the local planning office indicates on the LUCS form that the proposed use has been approved or is allowed in the applicable zone, then the application may move forward.
- If the local planning office indicates the proposed use has been denied or is not allowed in the applicable zone, then the license will not be issued.



Photos from top to bottom: [Globe by Unknown](#), [Farm by WALLY - SCAR](#)

LUCS approval does not bypass additional documentation that may be required by the local planning office. Verify all other permits have been acquired with the local planning office for the proposed land.

Local Codes: Building codes & working with contractors

Cities and counties may require registration or licensing for individuals and firms conducting business within their jurisdiction.



It is recommended to begin a relationship with your local government prior to applying for a license. Consult your local county and city officials to learn about the requirements in your area.

Building Codes

Obtain all required building permits: Whether for new construction or remodeling of existing buildings, local governments administer Oregon building codes and issue permits. Building code requirements are determined by the structure's "primary use" which may include production/growing, processing, storage, or sale of marijuana. Check with your local building department to determine any required permits for a marijuana operation.

Here are a few examples (not all inclusive) of when permits may be required:

- Installing new equipment
- Moving or adding walls
- Adding counter or display cases
- Removing building improvements
- Remodeling various spaces
- Modifying electrical, plumbing, mechanical, fire alarms, fire sprinklers, heating, ventilation, air conditioning, and other systems
- Installing new signage or parking facilities



Working with Contractors

Work with licensed contractors: If you hire a contractor to perform construction work, ensure that the individual or business holds an active license to work in Oregon.

The Building Codes Division issues licenses to four types of trade contractors: electrical, elevator, plumbing, and boiler.

Every trade contractor, must also possess an active building contractor license issued by the Construction Contractors Board (CCB).

Check the status of both licenses by visiting the CCB website at www.ccb.oregon.gov or the BCD website at www.bcd.oregon.gov.

Obtain all required inspections: During construction, work with your contractor and local building official to identify and schedule any required inspections.

Depending on the project, multiple inspections may be necessary. Obtaining all required inspections before you occupy the structure will assure you that the work is meeting the safety requirements established in the building code.

When the work is up to code, the inspector will approve it and the local building department will issue a Certificate of Occupancy.

Maintain relationships with local officials: The local fire marshal or chief is the authority on meeting building and fire code requirements once you occupy the building.

Establish a positive working relationship with both local building officials and the fire department by ensuring they are aware of the marijuana business or operation, and apprise them of any alterations to the building after the business begins operations.

The above section was provided by the Oregon Building Codes Division, a division of the Department of Consumer and Business Services.

*Be sure to keep
copies of all permits
and inspections for
your records.*

SECTION 3

Safety First

Workplace Safety & Health

The section below was provided by Oregon OSHA, a division of the Department of Consumer and Business Services.

The Oregon Safe Employment Act requires employers to provide their workers with a safe and healthful workplace. Requirements include: training employees and taking steps to prevent any injury or illness to employees during their day-to-day activities (e.g., using ventilation to minimize flammable atmospheres and providing personal protective equipment for use during pesticide handling).

Most employers must follow a basic set of rules. Other regulations may apply based on specific business hazards.

Businesses that grow marijuana are mainly subject to Division 4, which applies to most agricultural employers.

Find detailed OSHA regulations here:
http://www.orosha.org/toolkit/our_rules.htm

Some potential hazards to look for during growing:

- Pesticide exposure
- Chemical and fertilizer use
- Heat exposure
- Air enrichment contaminants such as carbon dioxide and others like carbon monoxide, and nitrogen oxides if using burners/combustion
- Electrical hazards from improper wiring
- Sprains and strains (esp. hand intensive work during trimming)
- Mold
- Slips, trips, and falls (from presence of water or poor housekeeping)
- Exposure to machine hazards (cuts, nips, pinches, or crushes depending on equipment)
- Material handling equipment (e.g. forklifts)

Processors that perform extractions are responsible for providing safety data sheets (formerly known as material safety data sheets) for the chemical extract that they produce (Oregon OSHA Rules Division 2, Subdivision Z).



SECTION 3

Some potential hazards to look for during processing:

Extraction

- Use of flammable compressed gases and solvents:
 - Fire
 - Compressed gas cylinder and extraction equipment safety
- Air contaminant hazards (e.g. carbon dioxide if dry ice used to extract)
- Chemical and extract products handling
- Machine hazards associated with extraction and waste processing equipment
- Noise (e.g. compressors for carbon dioxide extraction equipment)

Kitchen

- Fire
- Burns and scalds (from work with ovens/stoves)
- Slips, trips, and falls (from presence of water or poor housekeeping)
- Heat exposure
- Cuts from knives
- Machine hazards (e.g. cuts and amputations) from food processing equipment
- Chemical use (e.g. sanitizers like bleach)
- Sprains and strains (from material handling)

Packaging and Labeling Hazards

- Sprains and strains (from material handling, repetitive work)
- Machine hazards
- Material handling equipment (e.g. pallet jacks)

Some potential hazards to look for at retail stores:

- Sprains and strains (from material handling)
- Slips, trips, and falls (from poor housekeeping)
- Workplace violence/crime



Oregon OSHA has some overlap with areas covered by Oregon Department of Agriculture and the local Fire Marshal. The role that Oregon OSHA plays in regard to pesticides is enforcement of protecting worker health and safety, with a particular focus on the pesticide worker protection standard (Oregon OSHA Rules Division 4, Subdivision W). Oregon OSHA also addresses fire safety, but will defer to the decisions of the local Fire Marshal if a question arises where both agencies have codes that address the same hazard. **Refer to Section 4 for more information regarding pesticides.**

Oregon OSHA Contacts

Technical Experts:

Phone: 503-378-3272 (V/TTY) or 800-922-2689
tech.web@oregon.gov

Worksite Consultations and Evaluations:

Phone: 503-378-3272 (V/TTY) or 800-922-2689
consult.web@oregon.gov



Find More Information: www.orosha.org

Workers' Compensation Insurance

Section provided by the Office of the Small Business Ombudsman for Workers' Compensation, a program of the Department of Consumer and Business Services.

Workers' compensation insurance provides benefits to workers who are injured on the job. Injured workers receive medical treatment and disability benefits if they are off the job due to their injury. The insurance also provides employers important legal protections.

If you employ workers, you must buy a workers' compensation insurance policy or be authorized to self-insure by the Department of Consumer and Business Services (DCBS).

If you are a business that has employees and you do not have workers' compensation insurance, you may be subject to civil penalties. Worse yet, if an employee gets hurt on the job, your business will be responsible for all claims costs plus administration fees. The costs add up and can severely affect your business.

Because the OLCC marijuana program is a new in Oregon, there may not be many companies offering workers' compensation coverage in the commercial market. However, if you are denied coverage one time, you can apply to the Oregon Workers' Compensation Insurance Plan or commonly known as the assigned risk plan.

You can apply directly to the assigned risk plan by calling the National Council on Compensation Insurance at 800-622-4123 (toll-free) or you can work with your insurance agent. For more information, visit the Small Business Ombudsman for Workers' Compensation website: <http://www.oregon.gov/DCBS/SBO/Pages/get-coverage.aspx>

Small Business Ombudsman for Workers' Compensation Contact Info

Email: wc.advocate@oregon.gov or Call: 503-378-4209

Websites:

<http://www.oregon.gov/DCBS/SBO/Pages/sbo.aspx>
<http://www.cbs.state.or.us/external/wcd/communications/publications/2852.pdf>

SECTION 4

Operating Your Business

Oregon's Recreational Marijuana Tax

The retail tax on recreational marijuana sold in OLCC licensed retailers will be between 17-20%. There is no set date for when this tax goes into effect. It's based on when the retailer's license becomes active.

The state tax rate is 17%; however, cities and counties can adopt an ordinance imposing an additional tax of up to 3%. These ordinances must be put on the ballot for the next general election.

Filing a return

Marijuana tax returns are due quarterly. A separate return is required for each location selling recreational marijuana products. **Your monthly payment vouchers do not replace your quarterly return.**

You must file a return even if there were not any taxable sales in the reporting period.

If you sold recreational marijuana as a medical marijuana dispensary under early start, you may need to file two returns. For example:

- If your final day of sales as a medical marijuana dispensary was September 30, 2016 and your Oregon Liquor Control Commission (OLCC) license took effect on October 1, 2016, you should file your first retail tax return for fourth quarter on Revenue Online.
- If your final day of sales as a medical marijuana dispensary was December 31, 2016, and your OLCC license took effect on January 1, 2017, you should file your first retail tax return for first quarter 2017 on Revenue Online.



For all businesses transitioning from being OHA registered medical dispensary to an OLCC licensed retailer, you'll be required to file two returns for the fourth quarter:

1. One on paper for the 25-percent tax rate, **and**
2. One on Revenue Online for the 17-percent rate.

You'll want to keep detailed sales records to know when your tax rate changed.

Business identification number (BIN)

Your BIN is a unique identification number issued by the Department of Revenue. This is not your Social Security number or federal employer identification number (FEIN). Your return will be rejected if you don't enter the correct BIN.

You must have a separate BIN and file separate returns for each location where recreational products are sold.

Submit your return

OLCC Licensed Retailers: Can only submit your return electronically through Revenue Online at www.oregon.gov/dor.

OHA Medical Dispensaries: Can only submit your return on paper. Mail your completed return to:

Oregon Department of Revenue
PO Box 14630
Salem OR 97309-5050

*For more information contact
the Department of Revenue at
503-947-2597 or at
marijuanatax.dor@oregon.gov*

Late filing and payment

Penalty and interest are imposed if you mail your return or pay the tax after the due date. The penalty is 5 percent of the unpaid tax. If you file your return more than 30 days after the due date, DOR will impose an additional penalty of 20 percent of the tax due. Interest is imposed on any unpaid tax from the due date until the date payment in full is received. The current interest rate is 4 percent annually.

SECTION 4

Payments

You must collect the marijuana tax at the point of sale for recreational marijuana and remit it to the Department of Revenue. Taxes are due to the Department of Revenue by the last day of the month following the month in which it was collected.

For a list of all payment and return deadlines visit:

<http://www.oregon.gov/DOR/programs/businesses/Pages/marijuana.aspx>.

If the due date falls on a weekend or holiday, payment is due no later than the next business day.

Make checks payable to **Oregon Department of Revenue**. Please include a completed voucher with your payment. Vouchers are available on the department's website at www.oregon.gov/dor/forms.

Mail the voucher and payment to:

Oregon Marijuana Tax
Oregon Department of Revenue
PO Box 14630
Salem OR 97309-0505

To pay by cash you need to call (503) 945-8050 for an appointment at least 48 hours in advance. Bring a completed voucher with your payment to your appointment. Visit Revenue Online at www.oregon.gov/dor to pay by credit card or ACH debit.

For more information on the marijuana tax program, visit www.oregon.gov/dor/marijuana.

Registration

OLCC licensed businesses selling recreational marijuana need to submit an *Oregon Marijuana Tax Registration* form.

Businesses can use their OLCC license number as an ID number once they've registered.

If you have more than one place of business selling recreational marijuana in Oregon, complete a separate Oregon Marijuana Tax Registration form for each location.

Registration forms are available at www.oregon.gov/dor/forms.

Employees

- If you have employees, check the “Yes” box.
 - Corporate officers are considered employees, including those in subchapter “S” corporations.
- Individuals or firms with employees need to file a *Combined Employer’s Registration* form if you have not already done so.

Note: The definition of “employee” differs among Oregon state agencies. If you have questions, refer to the Secretary of State’s Oregon Business Guide or call the appropriate agency.

Additional owner/officer information

List information on additional owners, officers, partners, etc., on a separate sheet and attach it to the registration form.

Other taxes

As a business, you can file a corporate income or excise tax return. For more information on these returns, including guidance on which one to file, visit www.oregon.gov/dor/business.

Business income may also change how you file your personal income tax return. Find out how it affects you, along with information about subtractions and deductions available in Oregon for recreational marijuana retailers at www.oregon.gov/dor/personal.

Weights & Measures

Scale Requirements

Products offered for sale by weight in the State of Oregon must be weighed on an Oregon Department of Agriculture (ODA) licensed commercial scale. You will need a commercial scale if you:

- Use the scale to sell directly to a buyer.
- Use the scale to determine the net weight of a packaged product.
- Use the scale to buy from a seller.
- Use the scale to record data for entry into OLCC's Cannabis Tracking System (CTS).



Scales used solely for process or quality control may not need to be licensed, for example:

- A scale used solely to ensure that a consistent quantities of ingredients are used to produce edible products would be considered to be a process control tool and would not need to be licensed; **However**
- A scale used to determine the net weight of a packaged product offered for sale is, however, considered a commercial scale and would need to be licensed by ODA

A scale used to ensure a consistent fill of packages may not need to be licensed if the net weights of those packages are verified on a licensed commercial scale. Questions about specific uses and licensing requirements may be directed to ODA's Weights and Measures program.

Scale Suitability

A commercial scale must be suited for its intended application before it can be licensed by ODA.

There are many factors to be considered when assessing suitability, however the fundamental requirement is that the scale have an adequate resolution so that round off errors are kept to a reasonably low level when weighing products in commerce.

To be suitable, a small scale should be able to display at least 100 divisions when a "typical" net load is placed on it. This requirement limits the errors associated with weighing to about 1 part in 100 or 1%. The net load excludes any containers, bowls, jars, etc. used to contain the cannabis while weighing it.

- A scale with 0.01 g (0.00[1] g) resolution is needed to routinely weigh a few grams of cannabis.
- A scale with 0.1 g (0.0[1] g) resolution would be suitable to routinely weight 10 grams or about ½ ounce.
- A scale with 0.01 lb resolution would be suitable to routinely weight a pound or more.

Bracketed Divisions

Higher accuracy scales often incorporate a bracketed division in the scale's display. This bracketed division is in fact ignored when making suitability decisions as accuracy requirements are not defined for it. This is why this digit is displayed as distinct from all of the other digits on the display.

A scale reading 0.0[1] g actually has an accuracy tolerance of only 0.1 g for small loads in spite of the displayed resolution and so cannot be expected to perform any better. Reading the bracketed division is similar to estimating length measurements between individual divisions on a ruler. It is just an estimate as to where the displayed weight falls between two adjacent divisions and may actually be in error by 5 or more divisions, even though the scale is operating correctly.

Licensing a Scale

ODA requires that all commercial scales have a valid National Type Evaluation Program (NTEP) Certificate of Conformance (CC), in addition to the suitability requirements, as condition of licensing. NTEP scales are required to have a data plate indicating its certificate of conformance number. The number has the format 00-000. If the data plate is missing then the scale cannot be licensed.

Licensing a suitable NTEP certified commercial scale requires three steps:

1. Complete and return the ODA scale license application, **and**
2. Complete and return the ODA placed in service report form, **and**
3. Payment of the annual license fee.

Both forms are available on the ODA website. It will take approximately two weeks beginning with receipt of payment by ODA before your license will arrive. Your scale is licensed when the two forms are returned to ODA and payment of the annual license fee is processed by ODA.

Retain copies of the applications and your receipt as evidence of licensing until the physical license arrives. When you receive the physical license it is to be posted in plain view.

Annual Inspections

Your Weights and Measures inspector will be notified so that an initial evaluation of the scale can be scheduled once your scale license application is processed.

You can help ensure that this evaluation will go smoothly by doing the following:

- Have the scale properly calibrated.
 - A set of calibrated mass standards will be required to complete a calibration of the scale. You may purchase these standards or you may contract a scale service firm to complete the calibration for you.
- All commercial scales must be metrologically sealed.
 - Your scale should ship with the necessary hardware and instructions for sealing. It may not, however, include an actual physical seal if one is required (some scales are sealed electronically). The physical seal itself may be a pressure sensitive seal or a lead and wire seal designed to restrict access to the calibration function of the scale.

If a scale service company handles the calibration for you make sure to verify that the physical seal is intact and to retain receipts for the service provided. These two items serve as evidence that your scale has been properly adjusted.

- Make sure the scale is installed on a stable surface and that it is properly leveled before use.
 - You may additionally need to include a draft shield around high sensitivity scales to help ensure that your scale adequately protected from the environment to enable accurate repeatable measurements. A scale should be able to display a stable measurement within approximately 30 seconds time and should remain stable long enough for all parties to view and agree upon the result.
- If the scale is used for direct retail sales be sure to install it so that your customers can witness the entire weighing process from the normal customer position in the store. The customer must be able to see the scale indication.
- Take care of your scale. Keep it clean, free of debris, and level.

It is unlawful to operate a scale commercially that is not properly sealed.
The physical seal must be installed such that accessing the calibration function of the scale is impossible without destroying the seal.

Your inspector will attempt to complete an initial inspection of your scale within approximately 30 days of receiving your license information. The inspector will verify that the scale has an NTEP CC number, that it is suitable for the application, that it is correctly placed, and that it is accurate to within the required tolerances. After the initial inspection Weights and Measures will conduct follow up inspections annually.

For more information visit the ODA Weights and Measures Program website:

<http://www.oregon.gov/ODA/programs/ISCP/WeightsMeasures/Pages/LicenseScaleMeter.aspx>

Pesticides Use

The Oregon Department of Agriculture regulates the sale, use, and distribution of pesticide products in Oregon. ODA relies on the federal framework the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), as well as state statutes, and enforces the product label as the law.

Currently, there are no registered pesticide products in Oregon that are specifically labeled for use on marijuana. However, ODA has established criteria and a list of pesticide products to help guide marijuana growers and pesticide applicators throughout the state. The guide list contains over 300 pesticide products and is available on ODA's cannabis and pesticides webpage. The intent of the criteria is to assist growers in distinguishing those pesticide products with labels that do not legally prohibit use on cannabis from those that clearly do not allow use.

Use of a pesticide on cannabis is allowed if it is intended for unspecified food products, is exempt from a tolerance, and is considered low risk.

Those involved in using pesticides for cannabis production should consult the guide list, follow the product label, and use that product according to its directions. All other products used would be considered illegal and, if laboratory testing found the presence of these pesticide residues, it could be considered a violation of the Oregon Pesticide Law.

The guide list will be updated on the ODA webpage as needed. Growers and pesticide applicators are encouraged to check the guide list frequently.

For more information, contact Sunny Jones at (503) 986-4565

Pesticides Information:

<http://www.oregon.gov/ODA/programs/Pesticides/RegulatoryIssues/Pages/CannabisPesticides.aspx>

ODA Cannabis website: <http://www.oregon.gov/ODA/agriculture/Pages/Cannabis.aspx>



Plant Health & Insect Pest Prevention/Management

Like all other agricultural crops, cannabis is vulnerable to pests and disease. The Oregon Department of Agriculture can help growers identify plant pests and diseases. The identification service may require a fee.

Plant Health website: <http://www.oregon.gov/ODA/programs/PlantHealth/Pages/default.aspx>

Insect Pest Prevention and Management website:
<http://www.oregon.gov/ODA/programs/IPPM/Pages/Default.aspx>

Fire Season Requirements

The last thing you need when growing your crop is a fire. While it's a good idea to be fire safe throughout the year, there are certain rules that must be followed when fire season goes into effect.

The law, ORS 478.960 (4), requires that any equipment, used in agricultural operations powered by internal combustion engines, be equipped with a fire extinguisher of sufficient size and capacity, and fire tools as required by the district fire chief.

Fires can ignite in several ways during the volatile Oregon fire seasons. The equipment itself could catch on fire from faulty wiring or a severed hydraulic fuel line. Hot exhaust idling over dry vegetation or even striking a rock could spark a fire.

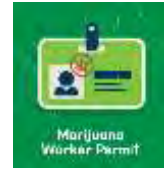
Be aware and be safe. Keep a charged garden hose and shovel nearby. Always have good communication tools at your fingertips (cell phone, radio, etc.) and know your exact location.

For more information visit: <http://www.oregon.gov/ODF/Fire/Pages/FirePrevention.aspx>

Marijuana Worker Permits

All employees who perform work on behalf of an OLCC licensed producer, processor, wholesaler, or retailer, including but not limited to individuals who participate in the possession, securing, or selling of marijuana items are required to possess a valid marijuana worker permit issued by the Oregon Liquor Control Commission.

The Marijuana Worker Permit materials are available at
<http://www.oregon.gov/olcc/marijuana/Pages/mjworkerpermit.aspx>.



It is the responsibility of the licensee to ensure his/her employees have the appropriate valid permits.

Private Security Services

Any individual who performs, as their primary responsibility, any one or combination of the below private security services requires certification as a private security professional:

- Observing and reporting of any unlawful activity;
- Prevention of theft or misappropriation of any goods, money or other items of value;
- Protection of individuals or property, including but not limited to proprietary information, from harm or misappropriation;
- Controlling access to premises being protected;
- Providing canine services for the purposes of guarding or detection; or
- Authorized by the persons' employer as part of the person's employment, to take enforcement action by detaining or placing persons under arrest.

Regardless if the individual is armed or unarmed, wears a uniform or plain clothes, is employed part or full time, this also includes individuals monitoring alarms, if they are performing at least one of the above items, certification is required.

Does this include bud tenders?

If an individual is hired to be a bud tender and one of their primary responsibilities, as indicated by their employer, is to physically, if necessary, escort individuals off the premises that may be intoxicated, underage, or unwelcome, certification is required.

The Department of Public Safety Standards and Training (DPSST) in conjunction with the Board on Public Safety Standards and Training, is responsible for training, certifying and licensing Oregon's private security providers.

For more information visit <http://www.oregon.gov/DPSST/PS> or contact DPSST program staff at 503-378-8531 or security.investigators@state.or.us.

Food Safety Licenses

The Oregon Department of Agriculture is responsible for regulating the production, processing, and distribution of food products in the state of Oregon.

If you are considering selling, storing, or manufacturing cannabinoid edibles, including the manufacturing of concentrates/extracts intended for use in edibles, we recommend you visit the ODA Food Safety Program web site at

<http://www.oregon.gov/ODA/programs/FoodSafety/Pages/Default.aspx>.

A processing license is required from OLCC before ODA can provide onsite consultation assistance, review site plans, or issue a food safety license.

ODA will not be able to issue a Home (Domestic) Kitchen Processing and Baking License for the manufacturing of cannabinoid edibles.

Did you know? With the exception of packaging and labeling requirements that are established in ORS 475B*, cannabinoid edibles must be manufactured according to the same standards as traditional foods.

*Read the full text of ORS 475B here:

https://www.oregonlegislature.gov/bills_laws/ors/ors475B.html.



Industrial Hemp Growers & Handlers

Only registered Oregon Department of Agriculture (ODA) industrial hemp growers or handlers with an OLCC Hemp Certificate can transfer industrial hemp flower, extracts, or concentrates to OLCC licensed processors.

The Oregon Department of Agriculture (ODA) regulates the growing and processing (handling) of industrial hemp in Oregon.

ODA registration is needed for growing or handling industrial hemp. Additional registration is needed for those wishing to produce or handle agricultural hemp seed (seed used for growing future crops).

All harvest lots of hemp must be sampled for testing no more than 28 days prior to harvest to verify it is 0.3% THC or less.

In order to register, a complete application as well as the appropriate registration fees must be submitted to ODA.

- Grower registration
 - o Fee \$1,300
 - o Allows growing of industrial hemp
- Handler registration
 - o Fee \$1,300
 - o Allows receipt of industrial hemp for processing into commodities, products, or agricultural hemp seed
- Agricultural hemp seed production
 - o Fee \$120; must also be registered to grow or handle industrial hemp

All registrations are valid for a one-year term effective January 1st through December 31st of year of issuance.

Visit <https://oda.direct/Hemp> for more information on becoming an ODA hemp grower or handler.

For more information on obtaining an OLCC Hemp Certificate visit
<http://www.oregon.gov/olcc/marijuana/Pages/Hemp.aspx>.

Packaging & Labeling Pre-Approval

All products sold at an OLCC licensed retailer must be packaged and labeled according to the requirements set out by the Oregon Health Authority (OHA) and the OLCC.

- OLCC Licensees who hold a Producer, Processor, Wholesale, or Retailer license and are packaging and/or labeling products for ultimate sale to a consumer must receive approval from the Commission prior to selling or transferring any marijuana item to a consumer.
- The packaging and labeling rules only apply to marijuana items for sale to a consumer, these rules do not apply to licensees transferring bulk product to another licensee.

These requirements include, but are not limited to, having the universal symbol, using a specific font type and size for warning information, and including specific text based on marijuana product type.

For complete information visit:

<http://www.oregon.gov/olcc/marijuana/Pages/PackagingLabelingPreApproval.aspx> or contact Packaging and Labeling Specialist, Jamie Dickinson, at marijuana.packaging@oregon.gov or 503-872-5459.



Did you know the universal symbol must be at least 0.48 inches wide by 0.35 inches tall?



Tobacco and Inhalant Delivery Systems Sales to Minors

Did you know any location which sells retail or distributes tobacco products or inhalant delivery systems to consumers is required to have additional signage under OAR 333-015-0205?

An outlet must post a notice substantially similar to the notice described below in a location that is clearly visible to the seller and the purchaser:

“The sale of tobacco products, smoking instruments and inhalant delivery systems to persons under 18 years of age is prohibited by law. Any person who sells, or allows to be sold, a tobacco product, smoking instrument or inhalant delivery system to a person under 18 years of age is in violation of Oregon law.”

Review the full text of OAR 333-015-0205 at:

http://arcweb.sos.state.or.us/pages/rules/oars_300/oar_333/333_015.html

Oregon's Bottle Bill

Oregon stores that sell beverages must accept empty beverage containers and pay the redemption value of the empty containers to customers at all hours the stores are open to the public.

- **Prior to April 1, 2017:** Refund value is 5¢.
- **Beginning April 1, 2017:** Refund value will increase to 10¢.

Beverages currently included in Oregon's Bottle Bill are water, beer, carbonated soft drinks in container sizes up to and including 3 fluid liters.

Effective January 1, 2018, all beverages except distilled liquor, wine, dairy or plant-based milk, and infant formula will be covered under Oregon's Bottle Bill and will require to have "OR 10¢" on containers between 4 ounces and 1.5 liters.

The size and location of a store determines how many empty containers that a store must accept. Large stores (5,000 square feet or larger) that are not in a redemption center zone must accept at least 144 containers per person per day. Small stores (under 5,000 square feet) that are not in a redemption center zone must accept at least 50 containers per person per day. A redemption center is a staffed facility that has received approval from OLCC to accept empty containers from consumers.

Large stores within a redemption center convenience zone must either participate in the redemption center or must provide equivalent services to the redemption center, including accepting up to 350 containers per person per day. A participating large grocery store within the first convenience zone of a redemption center may refuse to redeem all containers and within the second convenience zone may limit returns to 24 containers per person per day. Small stores do not have to participate in a redemption center, but if they are within a redemption center convenience zone may limit returns to 24 containers per person per day.

Go to OLCC's website at http://www.oregon.gov/OLCC/pages/bottle_bill.aspx for redemption center locations and more information on Oregon's Bottle Bill.

You can also email questions, including checking to see if your store is within a redemption center convenience zone, to: bottle.bill@oregon.gov.

Stores are not required to charge a bottle deposit, but whether they charge a deposit or not they must redeem the empty containers.

Air Emissions & Waste Management

The Oregon Department of Environmental Quality does not regulate the growing or processing of marijuana however, marijuana businesses must abide by existing regulations designed to protect our air, land, and water. Air emissions, solid waste, hazardous waste, and wastewater management are areas where DEQ has a regulatory role.

A list of conditions that may require a DEQ permit and contacts for more information is available at <http://www.oregon.gov/deq/Permits/Pages/default.aspx>.

Permit Requirements

If a marijuana grow or processing site uses boilers or heating units the business may require:

- A Notice of Intent to Construct
- Registration of the unit
- An Air Contaminant Discharge Permit

Federal and state regulations governing air quality may apply to marijuana growers or processors.

Visit <http://www.oregon.gov/deq/aq/Pages/aqi.aspx> for information about the DEQ Air Quality Program.

Odor Controls

Commercial/industrial facilities with a DEQ permit, such as an Air Contaminant Discharge Permit, are subject to DEQ's Nuisance Odor Strategy.

For information about the strategy, see <http://www.oregon.gov/deq/aq/Pages/Clean-Power.aspx>.



Have you heard of Oregon's Indoor Clean Air Act (ICAA)? This protects nearly every Oregonian from the health risks of secondhand smoke. The ICAA, also known as the Smokefree Workplace Law, prohibits smoking in the workplace and within 10 feet of all entrances, exits, and accessibility ramps that lead to and from an entrance or exit, windows, and air-intake vents. For more information email the Oregon Health Authority's Public Health Division at More.FreshAir@state.or.us.

Are you a marijuana processor?

- **Volatile Organic Compounds (VOCs):** Marijuana processing may emit volatile organic compounds. Use of solvents for extraction is one example. While it's unlikely the volume of VOCs emitted from marijuana processing would exceed the criteria for an air permit (10 tons per year of VOC emissions), businesses should be aware of the requirements, which the DEQ regulates.
- **Burning:** Waste from processing is considered commercial waste, which may be prohibited from burning depending on location. Additionally, some materials are prohibited from outdoor burning including: plastic, solvents and wet garbage. Other materials may be burned under regulations administered by ODA, DEQ, cities, and counties.



More information is available at <http://www.oregon.gov/deq/aq/Pages/Burning.aspx>.

Solid Waste Management

Marijuana-related solid waste must be composted, processed, or disposed of at solid waste facilities permitted by DEQ to receive that type of solid waste.

Oregon Revised Statute 459 addresses management of solid waste in Oregon. DEQ's materials management rules address recycling of recovered materials, composting of organic wastes, and disposal of solid waste.

- **Composting onsite:** Marijuana growers that want to establish a facility to compost waste vegetative material must apply to DEQ for a permit if the operation will compost onsite more than 100 tons per year of type 1 or 2 feedstocks (vegetative material or manures) or 20 tons per year of waste that includes meat, eggs, dairy, or animal mortality, unless they meet certain exemptions from permitting requirements.

Agricultural crop residues, such as vegetative marijuana wastes, are considered a "type 1" composting feedstock and may be composted alone or with other organic materials. DEQ encourages potential composters to contact DEQ to discuss the proposal to determine if an application is necessary.

DEQ composting contacts and information about composting requirements is available at: <http://www.oregon.gov/deq/Regulations/Pages/Marijuana-Regulation.aspx>.

- **Composting off-site:** Vegetative marijuana waste may also be sent off site to a DEQ- permitted composting facility where it is processed into finished compost. DEQ staff can help growers find a composting facility near their operations.
- **Solid waste storage and collection:** Counties and cities regulate solid waste storage and collection at the local level. Solid waste generators – including growers, waste haulers, and disposal facility operators – are responsible for complying with solid waste storage and collection regulations. Businesses should take reasonable measures and implement best management practices to prevent trespassing and scavenging. For more information about waste storage and collection in your area of business, contact your local city or county.

Hazardous Waste Management

Marijuana production could result in the generation of hazardous waste.

For example: Use of solvents for processing might result in ignitable or toxic wastes. Management of pesticides may result in pesticide hazardous wastes. Disposal of hazardous waste above specified quantities requires a U.S. EPA generator ID number obtained through DEQ.

More information about how to determine if your waste is hazardous is available at:
<http://www.oregon.gov/deq/Hazards-and-Cleanup/hw/Pages/default.aspx>.



Businesses should be aware of the following potential hazardous wastes:

- Pressurized gas
- Solvents
- Used oil
- Used mercury containing lamps
- Waste pesticides – 3 percent or greater of any substance or mixture listed in 40 Code of Federal Regulations 261.33(e) or 10 percent or greater of any substance or mixture listed in §261.33(f)
- Reportable quantities of a pesticide spill - pesticide residues greater than 200 lbs or 25 gallons

Wastewater Discharge Management

Federal and state regulations governing water quality may require marijuana growers or processors to apply for a DEQ Wastewater Discharge Permit.

Discharge of wastewater to a surface water body is prohibited without a permit.

- **Agricultural wastewater discharges:**

- DEQ coordinates with ODA to manage nonpoint source agricultural runoff through implementation of agricultural water quality management area plans.

More information is available at:

<http://www.oregon.gov/oda/programs/NaturalResources/Pages/AgWaterQuality.aspx>

- Land application of wastewater: Wastewater may be applied to the land under certain DEQ-approved conditions.

Visit <http://www.deq.state.or.us/wq/wqpermit/permits.htm> for more information.

- Pesticide use near water: DEQ requires a 2300-A pesticide general permit for any pesticide application in, over, or within three feet of water. Discharge of a pesticide must not cause or contribute to a water quality standards violation.

More information can be found at <http://www.deq.state.or.us/wq/wqpermit/pesticides.htm>

- Pesticide Stewardship Partnership: DEQ is a member of the Water Quality Pesticide Management Team, which coordinates with a number of agencies including OHA, ODA, and ODF to implement the Pesticide Management Plan for Water Quality Protection. The plan includes voluntary Pesticide Stewardship Partnerships to improve water quality associated with pesticide use in Oregon.



- **Municipal wastewater discharges:**

- Stormwater management: Discharge of any material other than uncontaminated stormwater to a stormwater conveyance system (street, gutter, ditch, inlet storm drain) is prohibited.
- Pretreatment for sanitary sewer: Growers and processors may be able to discharge wastewater to a local sanitary sewer. Pretreatment before discharge may be required. Contact your local city or county for information about connecting or discharging to a sanitary sewer system.

Discharge of any material other than uncontaminated stormwater (rain or snow melt) to a stormwater conveyance system (street, gutter, ditch, inlet storm drain) is prohibited.

- **Onsite septic systems:**

- DEQ or the local county may regulate an onsite septic system. Discharge of industrial wastewater into an onsite septic system is prohibited since these systems are only designed to treat domestic wastewater. In addition, planting and growing marijuana on top of a septic drainfield or irrigating and harvesting over a drainfield may affect a residential septic system's performance.

Agricultural Water Quality

In the production of any agricultural crop, including cannabis, growers are required to keep their activities from polluting the waters of the state.

The Oregon Department of Agriculture is responsible for developing plans to prevent and control water pollution from agricultural activities and soil erosion on rural lands. ODA is also responsible for ensuring that growers, farmers, and ranchers meet the state's water quality standards.

ODA's Agricultural Water Quality Program can direct growers to technical and financial resources to implement projects that will benefit water quality.

The primary water quality issues related to agriculture are excessive sediment, nutrients, bacteria, and water temperatures. These pollutants can harm people and fish.

Visit the Agricultural Water Quality Program website for more information:

<http://www.oregon.gov/ODA/programs/NaturalResources/Pages/AgWaterQuality.aspx>

Water Rights

Under the law, all water in Oregon belongs to the public.

Water users, with some exceptions, must obtain a permit or license from the Oregon Water Resources Department (WRD) to use water from any source including groundwater (wells) or surface water (streams and lakes). Generally, water flowing through or past private property does not automatically give the property owner the right to use the water without authorization from WRD.

SECTION 4

New water permits are not available in parts of Oregon for a number of reasons including hydrologic conditions, so investigate legal water resource options with your local watermaster before starting a project.

A list of watermaster offices is available on the WRD website at:

<http://www.oregon.gov/owrd/pages/offices.aspx>.

Violations of Oregon Water laws can result in civil penalties or prosecution for a Class B misdemeanor.

Most water rights in Oregon are obtained through a three-step process:

1. Apply to the Oregon Water Resources Department for a permit to use water.
2. Once the permit is granted, construct a water system and begin using water. Hire a certified water rights examiner to complete a survey of water use. Submit a map to WRD along with a report detailing how and where the water is being used.
3. If the water has been used according to the provisions of the permit, WRD will issue a water rights certificate.

Once you have a water right, you must comply with the certificate conditions. All water rights are subject to forfeiture if not used for a period of five years. In times of water shortages or drought conditions, a senior water user (older certificate) can make a “call” for water and users with a junior water right may be regulated off in order to provide water to the senior user.

Certain water uses are authorized under Oregon law as “exempt” from water use permitting. These exemptions include:

- Collection of rainwater from an artificial impervious surface (building roof)
- Springs, that under natural conditions, do not form a natural channel, or flow off the property where it originates

Oregon water law also has an exemption for groundwater for non-irrigation related to commercial or industrial purposes. However, this exemption does not include water for plant growth or cultivation. Any use of groundwater to grow marijuana plants for commercial use does not qualify for an exemption. You must obtain either a water use permit or acquire water from a provider such as a city or water district.



Photos: Drop by David Herron, Scenic View by Michael Beckwith - SCAR

Remember to check with the local watermaster to make sure that your system is properly set up.

Withholding and Transit Taxes

Withholding Taxes

Most businesses in Oregon who have employees must report the wages and withholding to the Department of Revenue. The income tax withheld must be sent to the department at the same time the federal withholding is sent to the IRS.

Withholding laws and rules affect recreational marijuana retailers in the same way as any other employer.

You may file the Oregon withholding tax returns quarterly, using Form OQ, or annually, using Form WA.

Forms are available at www.oregon.gov/dor/forms.

Transit Taxes

Transit district tax programs are administered by the Oregon Department of Revenue for the Tri-County Metropolitan Transportation District (TriMet) and the Lane County Mass Transit District (LTD). They provide revenue for mass transit. Transit payroll (excise) tax is imposed on nearly every employer who pays wages for services performed in the TriMet or LTD districts.

A self-employment tax is imposed on self-employment earnings within the TriMet and LTD districts. If you're both an employer and self-employed you might be subject to both the transit tax on payroll and the transit self-employment tax on your self-employment earnings.

The TriMet district includes parts of three counties in the Portland area: Multnomah, Washington, and Clackamas. LTD serves the Eugene-Springfield metro area.

Transit laws and rules affect recreational marijuana retailers in the same way as any other employer.

Reporting and paying withholding and transit

To report the tax, businesses must submit quarterly payroll reports to both the Employment Department and the Department of Revenue.

For detailed instructions on submitting the above reports and making payments, please visit www.oregon.gov/payrolltax or call (503) 945-8100.

Registration

To register your business to report employees' wages and tax please submit the Combined Employer's Registration form, available at www.oregon.gov/dor/forms.

Liability & Property Insurance

The most common types of coverage a business obtains are business liability and property insurance.

While it is possible to get the above policies, some insurers worry that if they cover a loss, they will be financially supporting a federally illegal activity. This is similar to why many financial institutions are reluctant to open accounts for marijuana-related businesses. Because of the conflict between federal and state law, and because the industry is relatively new, there is a lot of uncertainty.

Although your standard insurance company may refuse to sell you a policy because of the nature of your business, there are “surplus lines” companies that sell specialized types of coverage specific for marijuana-related companies.

With regard to business liability and business property coverage, your insurance company may cover some interests, but exclude marijuana products.

For example: Your insurer may provide liability coverage for someone tripping or falling in your store, but it may exclude the products you sell. A business property policy may choose to cover some items such as your building structure, computers, shelving, and furniture, but exclude the actual marijuana products.

If you want to be sure something is covered, specifically ask for it. Ask your agent to show you in the contract specifically where that coverage is found. If your policy contains a general “public policy” exclusion or exclusion for illegal activity, ask your agent to amend the policy to explicitly clarify whether marijuana is covered.

Keep your insurance company informed of your activities and maintain proper coverage to insure that activity.

- If the company knows you grow marijuana, **and**
- It issues you a policy, **and**
- Accepts premium for that policy, then it must honor that policy. The insurer would not be able to refuse coverage because of illegal or dishonest activities.

If you have questions or complaints against your insurance company or agent, call 888-877-4894 (toll-free) or go to www.insurance.oregon.gov.

For more information regarding insurance visit
<http://dfr.oregon.gov/gethelp/Documents/4967.pdf>.

Unemployment Insurance

Most businesses in Oregon must pay Unemployment Insurance (UI) taxes on their employee wages. These taxes fund unemployment insurance claims filed by workers who are out of work through no fault of their own.

OLCC marijuana retailers are subject to UI laws and rules the same way as any other employer.

In order to assess the correct tax amount owed, businesses must submit quarterly payroll reports to both the Employment Department and the Department of Revenue.

For detailed instructions on submitting these reports, please visit www.oregon.gov/payrolltax or call 503-947-1544, extension 1.

Work performed in the OLCC marijuana industry is not considered agricultural labor in Oregon, and the exclusion detailed in ORS 657.045 does not apply to workers that grow, process, or sell marijuana.

Due to the differences between federal and state laws, it's recommended that all marijuana businesses consult a tax expert to ensure compliance.

Employee Classification

Some workers in Oregon are independent contractors and are not subject to UI taxes. These workers do not need to be reported on quarterly payroll reports.

Did you know? Different states and different government agencies in Oregon each have their own definition for independent contractors.

In Oregon, both the Employment Department and the Department of Revenue consider a worker to be an independent contractor if the worker has direction and control over the services provided, has an independent business offering the services provided, and is licensed to perform the services (if a license is required).

More information about independent contractors can be found at www.oregon.gov/IC or by calling 503-947-1542. Please refer to ORS 657.040 and ORS 670.600 for the full text of the law.

The legalization of recreational marijuana did not result in any changes to existing UI laws or rules. A worker that is fired due to being under the influence of marijuana at work may be denied unemployment benefits.

Much like alcohol use, if someone reports to work under the influence of an intoxicant and the employer has a reasonable written policy prohibiting workers from being under the influence, that worker can be fired and denied UI benefits. If you have questions about a specific unemployment claim that has been filed with these circumstances please call the UI Center at 1-877-345-3484. More information about the Oregon Employment Department is available at www.oregon.gov/employ

Health Insurance for You & Your Employees

No matter how big or small, every company needs healthy employees, but the options for coverage depend on the size of your company.

Businesses with 49 or fewer full-time equivalent employees (FTE) can choose whether or not to offer coverage. Businesses who have 50 or more FTEs are required to provide health insurance coverage for their employees or pay a penalty.

Businesses are not required to offer coverage for employee's spouse or dependents.

Don't have any employees?

If you don't have employees, you may qualify for a health insurance plan through HealthCare.gov, where you can shop and compare plans. HealthCare.gov offers tax credits to help pay for premiums and out-of-pocket costs such as co-pays and deductibles.

You may also qualify for a special enrollment period if you have a major life change, such as having a child or getting married.

Visit www.HealthCare.gov or call 1-800- 318-2596 (toll-free) to learn more.

You may also qualify for the Oregon Health Plan (Medicaid), which offers free or low-cost coverage for low-income Oregonians. If you earn less than \$16,394 as an individual or \$33,534 as a family of four, you may qualify.

You can also visit www.OregonHealthCare.gov or call 1-855-268-3767 (toll-free) to find free, in-person help to sign up.

Have employees and want to offer coverage?

You can work with an insurance agent or insurer to get the right group coverage for your employees. Businesses with fewer than 25 FTEs, that purchase a certified health plan, may also be eligible for tax credits to help pay for employees' coverage. The tax credit covers up to 50 percent of premium costs for taxable organizations and up to 35 percent for tax-exempt organizations.

To qualify, you must:

- Provide health insurance to your employees
- Pay at least 50 percent of employee-only health insurance premiums
- Pay average annual wages of less than \$50,000 a year

For more information, visit www.OregonHealthCare.gov.



Office of Minority, Women, & Emerging Small Business

The Office of Minority, Women, and Emerging Small Business (OMWESB) is the sole certification authority for the state of Oregon.

Being certified as a Minority Business Enterprise, Woman Business Enterprise, Emerging Small Business Enterprise, or Disadvantaged Business Enterprise opens the door to targeted government and private sector contracting opportunities.

For more information on how to obtain certification, visit the OMWESB website at <http://www.oregon4biz.com/How-We-Can-Help/OMWESB/>

Energy Use

The Oregon Department of Energy (ODOE) helps Oregonians make informed decisions about energy use.

The agency offers technical and financial resources for energy efficiency, energy conservation, and renewable energy generation, with programs that target industrial and agricultural partners. ODOE gathers and shares information about efficient technologies for various industries, including cannabis production.

ODOE provides an online calculator to help growers estimate and anticipate energy usage associated with growing indoor cannabis. Growers use the calculator to apply for and renew their OLCC permit. ODOE collects estimated energy use submitted as part of the permit application, and actual energy use submitted as part of permit renewals. The agency uses the information to develop benchmarks for the industry and to show energy trends over time.

The agency's contributions to the Task Force on Environmental Best Practices helped to shape recommendations for the cannabis industry in Oregon, including the creation of voluntary third-party environmental best practice certifications. The agency's technical team provides information and resources to cannabis producers seeking to improve efficiency and conserve energy in their operations.



To access ODOE's energy usage calculator:
<http://energy.odoe.state.or.us/cannabis.html>

For more information about ODOE technical resources contact:
Marty Stipe, PE, marty.stipe@oregon.gov, 503-378-4926

Energy Trust of Oregon offers Oregon cannabis producers a wide range of technical services and cash incentives to reduce energy-related operating costs at new and existing cannabis grow operations.

Cash incentives can cover up to 50 percent of your investment costs and are based on annual estimated energy savings.

- High-efficiency lighting and lighting controls, including LEDs.
- Technical studies, provided at no cost to the customer, to identify energy-efficiency opportunities for heating, cooling, ventilation and other systems, and cash incentives upon installation.
- Cash incentives or rebates for greenhouse efficiency upgrades purchased through vendors, including greenhouse re-glazing, heating system upgrades, and controls.

To be eligible to receive Energy Trust technical services and cash incentives:

- Business must be registered with the State of Oregon and listed in the active business registry.
- The project site must be located in Oregon and served by Portland General Electric, Pacific Power, NW Natural, or Cascade Natural Gas, on a qualifying rate schedule.
- Additional eligibility requirements may apply and could vary depending on your project.

The following rebates and incentives are available for greenhouses, lighting, and indoor grow operations:

- [Greenhouse Rebate](#): Participants purchase their items, fill in, and submit the Greenhouse Rebate Form. Invoices/receipts and spec/cut sheets must be included.
- [Lighting Rebate](#): The lighting team can work with an operation to determine the rebate amount available for lighting upgrades.
- [Calculated Incentives](#): This requires pre-approval. Large Industrial Program staff visit the site and identify the energy saving measures applicable to that indoor grow operation. Staff work with the participant to determine the incentive available and sends the customer's incentive payment once the energy efficiency measures are installed and operating.



Visit www.energytrust.org/ag or call 1-866-202-0576 for more information.

Incentives are subject to availability and may change.

Indoor Production & Electricity

While there are a variety of factors that influence exactly how much additional electricity you will be using—including lighting, ventilation, air conditioning, and drying—one of the most important goals is ensuring you and your business are safe.

Your electric meters and neighborhood transformers can safely meet typical business needs, but any time you are planning to make a big change in how you use electricity, it's essential to:

- Call your utility provider to make sure your neighborhood transformer and wiring can handle the additional electrical load; **and**
- Consult a licensed electrician to ensure your service panel, meter base, and circuits are adequate for your planned use.

Today, there are more lighting technology choices than ever before. Some lamps, like LEDs, are extremely efficient. Others use large amounts of electricity. Metal halide and high-pressure sodium lights use substantially more energy than many appliances in your home.

On average how long can your devices operate on 1 kilowatt-hour of electricity?

- Clothes dryer (3,400 watts) – 17 minutes
- Hair dryer (2,000 watts) – 30 minutes
- Microwave (1,200 watts) – 50 minutes
- **Grow lamp (1,000 watts) – 1 hour**
- LED TV (50 watts) – 20 hours
- Laptop (33 watts) – 33 hours

Indoor producers could be paying about 13 cents for each kilowatt-hour of electricity.

Safety – First

Some metal halide and high-pressure sodium grow lights can pose a potential fire hazard because they produce a great deal of heat, so be careful of their use and surroundings.

Always read the installation directions and warnings carefully and consult with a licensed electrician during set up. Make sure you have a ventilation plan to remove unwanted heat from the lights as well as the correctly rated circuits for your home.

LED lights use much less energy than traditional bulbs and don't produce as much heat.

*Did you know?
Keeping a 1,000
watt light turned on
for 16 hours is like
running your
clothes dryer for
almost 5 hours each
day.*

Guidebook Revisions Record

Revised Date	Page/Section	Description of Revision
Nov. 25, 2015	Page 11/ Sec. 2	Table at top of page corrected to include processing.
Dec. 10, 2015	Page 15/Sec. 3	Final paragraph corrected content in parentheses.
Dec. 10, 2015	Page 10/Sec. 2	Corrected final paragraph to clarify policy.
Dec. 17, 2015	Page 2	Repaired Broken Hyperlink.
Dec. 21, 2015	Page 28/Sec. 4	Added content from Energy Trust of Oregon.
Dec. 30, 2015	Page 17/Sec. 4	Added tax content from DOR.
Dec. 30, 2015	Page 29/Sec. 4	Added tax content from DOR.
Dec. 30, 2015	Page 34	Regulatory Checklist updated to include new DOR content.
Jan. 7, 2016	Page 5	Deadline verbiage corrected to reflect statute.
Jan. 8, 2016	Page 21/Sec. 4	Pesticides Use section updated to include list information.
Feb. 25, 2016	Page 20/Sec. 4	Updated Weights & Measures Section.
Feb. 26, 2016	Page 6/Sec. 1	Removed reference to Individual History Form.
Feb. 29, 2016	Page 35/Sec. 4	Added information on indoor production and electricity.
Feb. 29, 2016	Page 25/Sec. 4	Air Emissions & Waste Management sections combined.
Mar. 22, 2016	Page 5	Removed references to HB 3400.
Mar. 22, 2016	Page 10/Sec. 2	Removed references to HB 3400.
Mar. 22, 2016	Page 11/Sec. 2	Removed references to HB 3400.
Mar. 22, 2016	Page 24/Sec. 4	Added Fire Season Requirements information.
Mar. 22, 2016	Page 25/Sec. 4	Removed references to HB 3400.
Mar. 31, 2016	Page 17/Sec. 4	Added information about local taxes.
May 2, 2016	Page 11/Sec. 2	Updated side note regarding LUCS for more clarification.
May 2, 2016	Page 2	Added information for Oregon Healthcare.
May 2, 2016	Page 3	Added information for Oregon Healthcare.
May 2, 2016	Page 34/Sec. 4	Added information about health insurance.
May 2, 2016	Page 39	Updated checklist to include health insurance information.
May 4, 2016	Page 2	Oregon Healthcare removed - is a division of DCBS.
May 4, 2016	Page 3	Added information for DCBS: OSHA and Building Codes div
May 13, 2016	Page 25/Sec. 4	Updated "handler" to "worker" permit and added new requirement.
May 25, 2016	Page 5	Opt out information clarified.
June 7, 2016	Page 6/Sec. 1	Removed references to residency requirement.
June 7, 2016	Page 25/Sec. 4	Updated side note regarding permits
June 7, 2016	Page 39	Removed word "retailers" regarding worker permits
June 13, 2016	Page 25/Sec. 4	Added worker permit image
June 13, 2016	Page 25/Sec. 4	Included verbiage regarding storage of edibles
June 14, 2016	Page 6/Sec. 1	Added images for each license type
June 29, 2016	Cover page	Guidebook name updated
June 29, 2016	Page 2	Clarified section regarding marijuana sold in medical dispensaries
June 29, 2016	Page 2	Removed reference to recreational
June 29, 2016	Page 5	Removed reference to recreational

Guidebook Revisions Record

Revised Date	Page/Section	Description of Revision
June 29, 2016	Page 6/Sec. 1	Updated proof of lawful possession language
June 29, 2016	Page 8/Sec. 2	Removed reference to recreational
June 29, 2016	Page 9/Sec. 2	Removed reference to recreational and updated “opt-in” language
June 29, 2016	Page 9/Sec. 2	Updated 1,000 foot distance requirement
June 29, 2016	Page 10/Sec. 2	Clarified language regarding LUCS
June 29, 2016	Page 16/Sec. 3	Removed reference to recreational
June 29, 2016	Page 17/Sec. 4	Removed reference to medical marijuana
June 29, 2016	Page 25/Sec. 4	Updated language regarding worker permits
June 29, 2016	Page 33/Sec. 4	Removed reference to recreational
June 30, 2016	Page 26/Sec. 4	Added information regarding Packaging and Labeling
June 30, 2016	Page 26/Sec. 4	Added information regarding OAR 333-015-0205
June 30, 2016	Page 41	Regulatory check list updated to include 2 most recent revisions
July 22, 2016	Page 25/Sec. 4	Updated info regarding worker permits
Aug. 23, 2016	Page 34/Sec. 4	Added information about business property and liability insurance
Aug. 23, 2016	Page 42	Regulatory check list updated to include new insurance info
Aug. 23, 2016	Page 25/Sec. 4	Updated website for worker permit materials
Sep. 7, 2016	Page 4	Corrected typo in contents
Sep. 7, 2016	Page 35/Sec. 4	Corrected extension number and added references to ORS
Sep. 9, 2016	Page 37/Sec. 4	Updated contact info.
Sep. 9, 2016	Page 23/Sec. 4	Updated pesticide list number
Sep. 9, 2016	Page 24/Sec. 4	Clarified language
Sep. 9, 2016	Page 31/Sec. 4	Clarified language
Sep. 13, 2016	Page 25/Sec. 4	Removed language regarding food handler cards
Sep. 13, 2016	Page 42	Removed language regarding food handler cards
Sep. 15, 2016	Page 17/Sec. 4	Added clarifying language and moved registration section
Sep. 15, 2016	Page 18/Sec. 4	Added clarifying language
Sep. 15, 2016	Page 19/Sec. 4	Added clarifying language
Sep. 15, 2016	Page 20/Sec. 4	Moved registration section to end of tax section
Sep. 15, 2016	Page 43	Moved registration section to match updated layout
Sep. 15, 2016	Page 4	Content pages updated
Sep. 28, 2016	Page 28/Sec. 4	Corrected title of contact
Nov. 1, 2016	Page 38/Sec. 4	Updated section regarding energy use
Jan. 5, 2017	Page 2	Removed text regarding early start
Jan. 5, 2017	Page 17/Sec. 4	Added additional text regarding due dates
Jan. 5, 2017	Page 19/Sec. 4	Italicized old due date
Jan. 5, 2017	Page 20/Sec. 4	Added additional text regarding early start

Guidebook Revisions Record

Revised Date	Page/Section	Description of Revision
Jan. 6, 2017	Page 39, Sec. 4	Added rebate and incentive information
Jan. 9, 2017	Page 2	Added DPSST link
Jan. 9, 2017	Page 3	Added DPSST link
Jan. 9, 2017	Page 4	Updated Table of Contents
Jan. 9, 2017	Page 20/Sec. 4	Added section regarding private security services
Jan. 9, 2017	Page 43	Updated regulatory checklist
Jan. 13, 2017	Page 24/Sec. 4	Unbolded text
Jan. 13, 2017	Page 45	Added DPSST logo
Feb. 2, 2017	Page 29/Sec. 4	Added information about Oregon's Bottle Bill
Feb. 2, 2017	Page 46	Updated regulatory checklist
Feb. 2, 2017	Page 4	Updated Table of Contents
Jun. 26, 2017	Page 2	Added a reference to medical processors
Jun. 26, 2017	Page 17/Sec. 4	Removed old deadline
Jun. 26, 2017	Page 17/Sec. 4	Removed filing deadlines and replaced with web link
Jun. 26, 2017	Page 30/Sec. 4	Updated old web links
Jun. 26, 2017	Page 31/Sec. 4	Updated old web links
Jun. 26, 2017	Page 32/Sec. 4	Updated old web links
Jun. 26, 2017	Page 39/Sec. 4	Removed old application date
Aug. 16, 2017	Page 9/Sec. 2	Updated law chapters regarding proximity to schools
Oct. 6, 2017	Page 6/Sec. 2	Removed language regarding license fee.
Jan. 29, 2018	Page 6/Sec. 1	Added language regarding hemp privileges
Jan. 29, 2018	Page 9/Sec. 2	Added ORS regarding proximity to schools
Jan. 29, 2018	Page 20/Sec. 4	Removed language regarding early start
Mar. 21, 2018	Page 28/Sec. 4	Added section regarding industrial hemp growers/handlers
Mar. 21, 2018	Page 47	Added info regarding industrial hemp growers/handlers

Regulatory Checklist

- ☐ **Eligibility Reminder**
 - ☐ Reviewed the OLCC opt-out list
- ☐ **Safety First**
 - ☐ Reviewed the Oregon Safe Employment Act
 - Trained all employees
 - Taken proper measures to prevent injury or illness during day-to-day activities
 - ☐ Reviewed OSHA Division 4 rules (*growers*)
 - ☐ Reviewed OSHA Division 2 rules (*processors*)
- ☐ **Know Your Business License Types**
 - ☐ Reviewed all of the OLCC license types and ensured you are compliant with OLCC rules
 - ☐ Are prepared to present all required documentation with your application as indicated in OLCC rules
- ☐ **Beginning Your Business**
 - ☐ Developed a business plan
 - ☐ Obtained your Secretary of State business number
 - ☐ Have reviewed BOLI's laws regarding Wage and Hour, Civil Right Protections, Leave, Legal Hiring Practices, and Discipline and Discharge
 - ☐ Obtained all required building permits
 - ☐ Worked with licensed contractors on electrical, elevator, plumbing, boiler, mechanical, fire matters, and others as needed
 - ☐ Obtained all required code inspections
 - ☐ Maintaining relationships with local officials
 - ☐ Following all odor controls under DEQ
 - ☐ Following all zoning codes and have obtained your Land Use Compatibility (LUC) statement
 - ☐ Obtained all permits in relation to emission compliance
- ☐ **Operating Your Business**
 - ☐ File marijuana tax returns quarterly
 - ☐ Remit marijuana tax collected to the Department of Revenue monthly
 - ☐ Registered for the marijuana tax program
 - ☐ Using scales licensed by the ODA
 - ☐ Confirmed all pesticides used are legal (*if applicable*)
 - ☐ Reviewed fire season requirements (*if applicable*)
 - ☐ All employees have marijuana worker permits (*if applicable*)
 - ☐ DPSST certification obtained (*if applicable*)
 - ☐ Registered with ODA as a hemp grower or handler, and obtained hemp certificate (*if applicable*)
 - ☐ Obtained the appropriate ODA food safety licenses (*if applicable*)
 - ☐ Submitted packages and labels for pre-approval (*if applicable*)
 - ☐ Ensuring additional postage is up (*if applicable*)
 - ☐ Reviewed Oregon's Bottle Bill information
 - ☐ Ensured your waste management plan is compliant with all DEQ regulations
 - ☐ Contacted the local watermaster to discuss water rights and obtain proper permits
 - ☐ Registered for withholding and transit taxes
 - ☐ Reviewed liability and property insurance information
 - ☐ Understand Unemployment Insurance and policies
 - ☐ Reviewed information regarding health insurance
- ☐ **Energy Use**
 - ☐ Contacted ODOE to learn how to estimate energy use, costs, and improve energy efficiency
 - ☐ Contacted Energy Trust of Oregon for technical services

This document provided by the following inter-agency contributors and subject-matter experts



We would like to thank contributors of Creative Commons for some of the images used.

