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**LONG RANGE PLANNING
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Status Report on County Regulation of Recreational Marijuana

Issue

Recreational marijuana use became legal in Oregon July 1, 2015, and production and sale became legal Jan. 4, 2016. The Oregon Legislature subsequently issued administrative rules to guide counties and cities in implementing reasonable regulations on recreational marijuana operations and defining requirements for commercial recreational marijuana facility operations.

The County enacted specific rules for recreational marijuana activities in October 2016. After three years, few changes have been made to these regulations since their adoption. This status report examines available multiyear data to convey the current state of implementation of recreational marijuana regulations in the County, state, and neighboring jurisdictions.

Report Outline

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I. Introduction: A Brief History of Marijuana Regulation

In 1973, Oregon became the first U.S. state to decriminalize marijuana use,¹ reducing the penalty for personal possession of up to 1 ounce to a \$100 fine.² Over the years, other states followed Oregon's lead. Following multiple failed marijuana legalization attempts by various states,

¹ Decriminalization is a loosening of criminal penalties imposed for marijuana while the manufacture and sale of marijuana remains illegal.

² Heddleston, Thomas R. (June 2012). *From the Frontlines to the Bottom Line: Medical Marijuana, the War on Drugs, and the Drug Policy Reform Movement* (Thesis). UC Santa Cruz Electronic Theses and Dissertations.

including Statewide Ballot Measure 5 in 1986,³ California in 1996 became the first to legalize *medical* marijuana use. Nearly two decades later, Washington and Colorado became the first U.S. states to legalize marijuana use for *recreational* purposes. In the years following, Oregonians voted to legalize medical and then recreational marijuana use and associated production and sales.

All but three U.S. states currently allow some form of regulated marijuana use.⁴ *Medical* marijuana activities and use are legal in 33 states. Commercial *recreational* marijuana activities and use are now legal in 10 states, including Oregon, Washington, California, and Nevada, as well as the District of Columbia.

Medical Marijuana

Voters in Oregon, Washington, and Alaska passed ballot measures in November 1998 that legalized the use of marijuana for medical purposes. On the heels of the ballot measure's passage, the Oregon Legislature enacted the Oregon Medical Marijuana Act (OMAA), which established a state-controlled permit system, providing patients with qualifying medical conditions the legal right to use marijuana in Oregon.⁵ The OMAA delegated to the Oregon Health Authority (OHA) the responsibility to oversee and administer the new Oregon Medical Marijuana Program (OMMP).

In March 2014, passage of Senate Bill 1531 by the Oregon Legislature amended the state's medical marijuana dispensary law. It authorized local jurisdictions to adopt reasonable regulations on medical marijuana dispensaries – including hours of operation, facility siting, development standards, and other regulations – and added provisions for limited moratoria on medical marijuana dispensaries until local regulations governing them could be established.

Recreational Marijuana

Two years after voters in Washington and Colorado legalized recreational marijuana use and activities, Oregon voters in November 2016 approved Statewide Ballot Measure 91. The measure allowed for limited personal possession, cultivation, and use of marijuana and marijuana-derived products for recreational purposes by people 21 years and older. It also tasked the Oregon Liquor Control Commission (OLCC) with creating and maintaining a regulatory and licensing system for growing, processing, distribution, and sales of marijuana products for recreational purposes. These Statewide Ballot Measure 91 provisions were separate from and did not amend elements of the OMAA.

³ According to ballotpedia.org, the Oregon Marijuana Legalization for Personal Use Act, or Oregon Statewide Ballot Measure 5, was on the ballot in Oregon Nov. 4, 1986. The measure would have legalized the possession and growing of marijuana for personal use by persons 18 years and older. It was defeated by Oregon voters 74% to 26%.

⁴ Marijuana possession for any use or purpose remains illegal in Idaho, Nebraska, and South Dakota.

⁵ The federal government considers marijuana an illegal substance under the Controlled Substances Act of 1970. The U.S. Department of Justice addressed this legal discrepancy through the Cole Memorandum in August 2013, which provided guidance on federal enforcement priorities related to marijuana activity in states “that have enacted laws legalizing marijuana in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale, and possession of marijuana.”

Revenue from Oregon's Recreational Marijuana Program

According to the OLCC, retail sales of recreational marijuana have generated \$198 million over about two years in state and local sales tax revenue since legalization.⁶ While funding for the OLCC Recreational Marijuana Program comes exclusively from fines and recreational marijuana-related license and permit fees,⁷ the Oregon Department of Revenue (DOR) collects Oregon Marijuana Tax revenue from recreational marijuana retailers and distributes it to the state, counties, and cities. Licensed recreational marijuana retailers in Oregon must charge a state tax of 17% on recreational marijuana sold. With local voter approval, municipalities can enact an additional tax of up to 3% on recreational marijuana sales.

As directed by the Oregon Legislature, net revenue from the Oregon Marijuana Tax must be allocated by the DOR as follows:

- 40% to Oregon's Common School Fund;
- 20% for mental health treatment or for alcohol and drug abuse prevention, early intervention, and treatment;
- 15% to the Oregon State Police;
- 10% to cities for enforcement of Measure 91;
- 10% to counties for enforcement of Measure 91; and
- 5% to the OHA for alcohol and drug abuse prevention.

Despite having the authority, the County does not impose a local tax on recreational marijuana sales. However, the County's decision to allow recreational marijuana businesses enables it to receive a share of Oregon Marijuana Tax revenue. Since October 2017, the County received over \$3.4 million from the Oregon Marijuana Tax program for mental health treatment, alcohol and drug services, and local enforcement of recreational marijuana regulations. State law limits reporting of marijuana tax statistics at the local level, so additional county- and city-specific data are unavailable.

See Appendix G for OLCC market data on commercial marijuana sales in Oregon.

II. Oregon's Regulatory and Licensing System for Recreational Marijuana

In October 2015, the OLCC released temporary rules for regulating recreational marijuana activities. It defined responsibilities for tracking production and processing, specified the number of mature marijuana plants that may be grown at a single address, and identified various site requirements, including canopy size, fencing, security, and other health and safety measures. Under these rules, the production and sale of recreational marijuana became legal Jan. 1, 2016. In September 2016, then-temporary rules for recreational marijuana activities and use became permanent. Recreational marijuana regulation is codified in Oregon Revised Statutes (ORS) Chapter 475B and Oregon Administrative Rules (OAR) Chapter 845, Division 25.

⁶ Oregon Liquor Control Commission. *2019 Recreational Marijuana Supply and Demand Legislative Report*. Jan. 31, 2019.

⁷ Oregon Liquor Control Commission. *2019-21 OLCC Agency Request Budget*. 2019.

The administrative rules delegated administration of Oregon's marijuana regulations as follows:

- The OLCC regulates *recreational* marijuana businesses and worker permits. It is also responsible for enforcement actions against licensed businesses that grow, process, wholesale, and sell recreational marijuana and marijuana-derived products.
- The OHA regulates *medical* marijuana activities and dispensaries, and also develops standards and requirements for all marijuana testing.
- The Oregon DOR regulates taxation of marijuana and marijuana-derived products.
- The Oregon Department of Agriculture regulates marijuana-related commercial kitchens, scale certification, certain food handling activities, and pesticide use. It also implements a program for regulating industrial hemp.
- A 16-person Recreational Marijuana Rules Advisory Committee provides the OLCC ongoing subject matter expertise to evaluate impacts of draft rule updates on Oregon's recreational marijuana market.

The OLCC issues commercial marijuana licenses to do the following:

- **Produce:** Plant, cultivate, grow, harvest, and dry marijuana.
- **Process:** Process, compound, or convert marijuana into cannabinoid products, concentrates, and/or extracts.
- **Wholesale:** Purchase bulk marijuana products from other licensed facilities and sell them to OLCC-licensed retailers, processors, producers, other wholesalers, or researchers.
- **Retail:** Sell or deliver marijuana directly to consumers.
- **Research:** Study marijuana-related topics for the purpose of benefiting the state's cannabis industry, medical research, and/or public health and safety.
- **Laboratory work:** Test marijuana items for pesticides, solvents or residual solvents, concentrations, and microbiological or other contaminants.

OLCC regulations on licensed recreational marijuana businesses in part require that:

- With the exception of marijuana producers in the urban area, marijuana businesses not be located in areas zoned exclusively for residential use (rural residential areas, such as the County's RR-5, AF-5, and AF-10 land use districts, are not specifically addressed under existing state regulations);
- Licensees maintain separate addresses or suite/unit numbers for each recreational marijuana activity;
- Licensees not share a premises or address with a medical marijuana processor or dispensary;
- Producers abide by limits on maximum canopy size;
- Retailers be at least 1,000 feet from elementary and secondary schools (or 500 feet from these schools when a geographic or physical barrier impedes a direct path);
- Licensees maintain a log of employees and enter employee information into the OLCC's cannabis tracking system;
- Licensees occupying but not owning the premises of a licensed recreational marijuana business provide verification that the business is allowed by the property owner; and
- On-site marijuana consumption is prohibited.

Local Regulation

Oregon law provides that cities and counties may establish “reasonable regulations,” as defined in ORS Chapter 475B.486, regarding the time, place, and manner for recreational marijuana operations and develop requirements for limited public access to licensed recreational marijuana businesses. The OLCC ensures through site visits and inspections that licensees adhere to what was approved by the Commission for a given location. Cities and counties may undertake policymaking and enact land use regulations that reflect the time, manner, and place allowances under Oregon statute.

Local jurisdictions may also choose to prohibit recreational marijuana business activities (commercial producers, processors, wholesalers, and/or retailers) by referring to local voters any proposed ban on the type(s) of marijuana business they wish to restrict. As of January 2019, 15 counties and 81 cities in Oregon – including Gaston, Sherwood, and Wilsonville – had enacted such prohibitions.⁸

III. Recreational Marijuana Regulation in Washington County

Oregon Senate Bill 1531 allowed local jurisdictions to enact reasonable regulations on the creation and operation of medical marijuana facilities. In response, the County adopted a temporary moratorium on establishing medical marijuana dispensaries until regulations could be created. Six months later, the County amended the Community Development Code (CDC) to allow medical marijuana dispensaries as a Special Use within certain land use districts, and required that medical marijuana dispensaries be at least 2,000 feet apart. The ordinance simultaneously repealed the moratorium.

After Oregon’s legalization of recreational marijuana business activities and OLCC issuance of temporary rules for recreational marijuana facilities, the County extended existing regulations for medical marijuana to recreational marijuana activities.

During the initial period of County regulation of recreational marijuana activities (Jan. 4. to Nov. 29, 2016) the County approved OLCC-required Land Use Compatibility Statements (LUCS) for qualified applicants but did not require standard land use reviews. A LUCS is used to determine whether a land use proposal is consistent with local comprehensive plans and regulations. LUCS approval is required for all recreational marijuana businesses in Oregon.

This action resulted in roughly 56 recreational marijuana businesses (primarily producers) operating as of January 2019 that didn’t undergo the land use review process now required for all marijuana businesses in unincorporated Washington County. Of these, four marijuana wholesale businesses operate in EFU, EFC, and AF-20 rural land use districts and two marijuana production businesses are in the FD-20 Future Development district.

In October 2016, the Board adopted land use regulations specifically for recreational marijuana activities in unincorporated Washington County, and only limited changes have been made since.

⁸ The OLCC maintains a list of Oregon jurisdictions that prohibit the establishment of recreational marijuana business activities.

The following table summarizes state and County land use regulation of marijuana activities:

Table 1: Summary of State and County Land Use Regulation of Marijuana Activities

Legislation	Year	Description
Oregon Senate Bill 1531	March 2014	Authorized cities and counties to adopt reasonable regulations on medical marijuana dispensaries, and allowed local jurisdictions to adopt moratoria on medical marijuana dispensaries through May 1, 2015.
Ordinance No. 781	April 2014	Implemented a temporary moratorium on medical marijuana dispensaries until County regulating rules could be adopted; effective May 22, 2014.
A-Engrossed Ordinance No. 792	October 2014	Adopted regulations for medical marijuana dispensaries and ended the moratorium imposed by Ordinance No. 781; effective Nov. 28, 2014.
Statewide Ballot Measure 91	November 2014	Allowed personal use and possession of recreational marijuana subject to Oregon law; the OLCC was tasked with developing and implementing state regulations for recreational marijuana activities and use.
Oregon House Bill 3400	June 2015	Provided guidance to the OLCC in formulating rules that addressed requirements of Statewide Ballot Measure 91.
OLCC Temporary Rules	October 2015	Established a regulatory framework for the recreational marijuana industry, covering the supply chain from growers to retailers; effective Jan. 1 to June 28, 2016.
A-Engrossed Ordinance No. 804	October 2015	Amended the CDC to allow recreational marijuana retail facilities in the same land use districts as medical marijuana dispensaries, applying identical regulatory standards; required minimum buffers between recreational marijuana retail businesses and also from designated youth-oriented recreational facilities.
OAR 845, Division 25	September 2016	Established permanent rules for governing the legal market for recreational marijuana products in Oregon.
B-Engrossed Ordinance No. 810	October 2016	Established land use regulations for recreational marijuana businesses, including the prohibition of commercial marijuana production for recreational purposes in urban residential districts and all commercial recreational marijuana activity in Future Development (FD) districts; effective Nov. 25, 2016.
Ordinance No. 833	August 2018	Added language to the CDC regarding recreational marijuana processing, including a definition for “alternating proprietor,” allowing multiple processors to use the same lot of record on alternating basis.
OLCC Division 25 Bill and Technical Package	December 2018	Ended the issuance of new licenses to processors as alternating proprietors (shared kitchens) on the same licensed premises for applications received after Jan. 1, 2019, but grandfathering all current alternating proprietorships; effective Dec. 28, 2018.

State Legislation/Action County Ordinance

Current County Regulations

Key provisions of current land use regulations on recreational marijuana activities include:

- Land use districts and process requirements for the specific type of activity proposed;
- Reasonable time, place, and manner requirements, particularly for recreational marijuana retail activities (see Appendix D);
- Recreational marijuana businesses are prohibited in urban residential districts;

- Recreational marijuana production (manufacture, planting, cultivation, growing, or harvesting of marijuana for commercial purposes) is allowed in most nonresidential districts;
- Type II⁹ land use review is required for new structures used to grow marijuana in nonresidential districts inside the UGB; and
- Outdoor marijuana production is allowed as a Type I¹⁰ use in nonresidential land use districts in the UGB, except FD-10 and FD-20.

The following table shows permitted recreational marijuana uses by County land use district:

Table 2: Permitted Recreational Marijuana Uses by County Land Use District*

Land Use District	Production (Indoor)	Production (Outdoor)	Processing	Wholesale	Retail	Research or Testing Lab
Neighborhood Commercial (NC)	II	I	N	N	N	N
Office Commercial (OC)	II	I	N	N	N	II
Community Business District (CBD)	II	I	N	N	II	N
General Commercial (GC)	II	I	N	II	II	N
Industrial (IND)	II	I	II	II	II	II
Institutional (INST)	II	I	N	N	N	N
Exclusive Farm Use (EFU)	I	I	II	N	N	N
Exclusive Forest and Conservation (EFC)	I	I	N	N	N	N
Agriculture and Forest (AF-20)	I	I	II	N	N	N
Agriculture and Forest (AF-10)	I	I	N	N	N	N
Agriculture and Forest (AF-5)	I	I	N	N	N	N
Rural Residential - Five Acre Minimum (RR-5)	I	I	N	N	N	N
Rural Commercial (R-COM)	II	I	N	N	II	N
Rural Industrial (R-IND)	II	I	II	II	N	N
Land Extensive Industrial (MAE)	II	I	II	II	N	II
Transit Oriented Retail Commercial (TO:RC)	II	I	N	N	II	N
Transit Oriented Employment (TO:EMP)	II	I	II	N	II	II
Transit Oriented Business (TO:BUS)	II	I	N	N	II	N
Bethany – Neighborhood Corner Commercial (NCC NB)	II	I	N	N	N	N
Bethany – Neighborhood Commercial Mixed Use (NCMU NB)	II	I	N	N	II	N

I = Type I Review; II = Type II Review; N = Not Allowed

* Limited recreational marijuana uses and activities are allowed only in land use districts listed above. They are not allowed in any land use district not listed in the table. Recreational marijuana production was allowed in urban residential and Future Development (FD) districts between Jan. 4 and Nov. 29, 2016 (effective date of Ordinance No. 810).

⁹ Type II actions generally involve uses or development for which review criteria are reasonably objective, requiring limited discretion. Impacts on nearby properties may be associated with these uses, which may necessitate imposition of specific conditions of approval to minimize the impacts or ensure compliance. Type II reviews include notice to neighboring properties.

¹⁰ Type I actions involve permitted uses or development governed by clear and objective review criteria. They do not include discretionary land use decisions. No public review or notice is required.

IV. Local and State Process for Commercial Marijuana Licensing

Applicants seeking to create a recreational marijuana business in Oregon must obtain a LUCS approval from the appropriate county or city for each proposed marijuana activity, regardless of whether or not the activity includes development of a physical structure. Local governments are responsible for receiving, evaluating, and approving/denying LUCS applications within their jurisdiction. The OLCC will not issue a commercial marijuana license without a LUCS approval.

County Review Process

Before applying for a LUCS approval, applicants in unincorporated Washington County must submit a land use review application with associated documentation and fees. Either a Type I or Type II review is performed, depending on the land use district and recreational marijuana activity proposed (see Table 2). After the application is deemed complete, the County has 150 days to review projects outside the UGB and 120 days to review projects inside the UGB, but decisions are typically rendered much sooner. Once the land use review application is approved, the County has up to 21 additional days to make a determination on the LUCS request.

LUCS applications are first reviewed by the County's Department of Health and Human Services (HHS) to determine whether or not existing water and sewer connections are adequate to serve the proposed development. Applications are then shared with the Sheriff's Office to enable tracking of commercial marijuana activity. Land Use & Transportation (LUT) then reviews LUCS applications and, if in conformance with County regulations, issues a LUCS approval letter that applicants provide to the OLCC.

As indicated, between Jan. 4 and Nov. 29, 2016, the County reviewed LUCS applications for recreational marijuana activities only for conformance with state law and did not require additional land use review. Since then, all applications for projects in unincorporated Washington County have required both a land use approval and LUCS. All recreational marijuana-related land use and LUCS applications submitted to the County that met the applicable submittal requirements at the time of submittal have been approved by LUT. This demonstrates that applicants requesting County approval for new recreational marijuana businesses have generally been successful in understanding and applying CDC standards to obtain approvals.

OLCC Review Process

Applicants can choose to begin the OLCC licensing process either before a LUCS decision is rendered, or once the land use and LUCS approval is obtained. The OLCC then assigns a state inspector to review an application and LUCS approval for conformance with Oregon law and administrative rules. Once these requirements are met, the inspector performs an on-site inspection to determine compliance with physical standards for safety and operation. The OLCC will not issue a commercial marijuana license until the permitted construction is completed and approved, and all licensing fees are paid in full.¹¹

¹¹ Applicants must pay a \$250 nonrefundable application fee. Licensees must pay an additional one-time license fee depending on the type of marijuana activity. Annual license renewal fees are \$250. Fees are defined in OAR Section 845-025-1060.

Temporary Pause on Application Processing

In June 2018, the OLCC began a temporary pause in processing recreational marijuana license applications. Applications are still being accepted by the OLCC but will not be processed until further notice.

According to the OLCC, this pause is due primarily to a reprioritization of the Commission’s workload given its nine-month application review backlog. Some have speculated that Oregon’s oversupply of recreational marijuana, potentially harming the legal market and leaking into the black market, may be contributing to the OLCC’s temporary pause.¹² However, the OLCC recently concluded that the, “unpurchased supply remains tracked and contained within the legal, regulated market.”¹³

V. Data from Three Years of Legalized Recreational Marijuana Regulation

The OLCC maintains recreational marijuana license databases, including active and approved licenses, license applications yet to be processed, and licenses surrendered or expired. Licenses must be renewed annually or risk expiration. Table 3 shows the number and status of commercial marijuana license applications, by license type, reviewed by the OLCC statewide. As shown in Table 3, as of Jan. 7, over 2,100 applications from across the state have been approved and remain active – the vast majority, nearly 88%, for marijuana production. Statewide, approximately 9% of total OLCC approved commercial marijuana licenses have either been surrendered or expired. The data show there is significant backlog of license applications yet to be processed by the OLCC, nearly equal in number to licenses approved.

Table 3: OLCC Commercial Marijuana Licenses - Statewide

(Jan. 4, 2016, to Jan. 7, 2019)

License Status	Production	Processing	Wholesale	Retail	Research	Testing	Total
Active and Approved	1,121	210	146	607	0	22	2,106
Yet to Be Processed by OLCC	1,127	371	204	334	4	10	2,050
Surrendered/Expired	127	13	11	48	0	6	205

Source: OLCC Recreational Marijuana Program

The OLCC also tracks at the statewide level the number of workers employed at recreational marijuana businesses. The Commission’s data indicate over 58,000 active and approved worker permits in Oregon, with approximately 2,400 additional permit applications under OLCC review. County level worker permit data is not available.

OLCC and County Approvals

OLCC data for unincorporated Washington County (Table 4) show that 80 commercial marijuana licenses were approved and remain active, are yet to be approved by the OLCC or the County, or were for a change in business name or ownership.

¹² This concern was shared in the Staff Measure Summary of Senate Bill (SB) 218-A, a bill proposed in the 2019 Oregon Legislature that would allow the OLCC to refuse issuance of new marijuana production licenses based on market demand and other factors. See Section XII for more details of SB 218-A.

¹³ Oregon Liquor Control Commission. *2019 Recreational Marijuana Supply and Demand Legislative Report*. Jan. 31, 2019.

Table 4 shows that recreational marijuana production facilities comprise the majority of OLCC commercial marijuana license approvals in unincorporated Washington County – more than 80% of all licenses in this area. At nearly all jurisdictional levels (statewide, most other Oregon counties, and Washington County overall and unincorporated areas), the majority of OLCC commercial marijuana licenses are for production. The unincorporated area contains seven OLCC-licensed commercial marijuana retail facilities, with all but one located in the urban area, and four licensed recreational marijuana wholesale facilities, all in the rural area. No OLCC-licensed marijuana research or testing facilities exist in unincorporated Washington County.

The 61 active marijuana licenses in unincorporated Washington County comprise approximately 4% of the statewide total.

Table 4: Status of OLCC Commercial Marijuana Licenses - Unincorporated Washington County (Jan. 4, 2016, to Dec. 21, 2018)

License Status	Production	Processing	Wholesale	Retail	Research	Testing	Total
Active and Approved	51	0	3	7	0	0	61
Surrendered/Expired**	10	0	0	0	0	0	10
County Approval Pending	0	1*	0	0	0	0	1*
Change of Name/Ownership	6	0	0	2	0	0	8
Total	67	1*	3	9	0	0	80*
Yet to Be Processed by OLCC	8	0	1	1	0	0	10
Never Established ***	168	3	1	3	0	0	175

Sources: OLCC Recreational Marijuana Program and Washington County LUT

- * The difference in the total number of approvals between the OLCC and the County is due to one “county approval pending” application, as of Jan. 7, 2019, that was approved by the OLCC.
- ** While 14% of businesses in unincorporated Washington County that obtained OLCC marijuana license approval are no longer operating due to license surrender or expiration, this percentage is less than the typical failure rate for all business types. The U.S. Bureau of Labor and Statistics reports that nationwide, 20% of all private businesses fail within two years of establishment and nearly 40% fail within the first four years.
- *** Includes marijuana businesses that obtained County land use review and/or LUCS approval but were never approved for an OLCC commercial marijuana license.

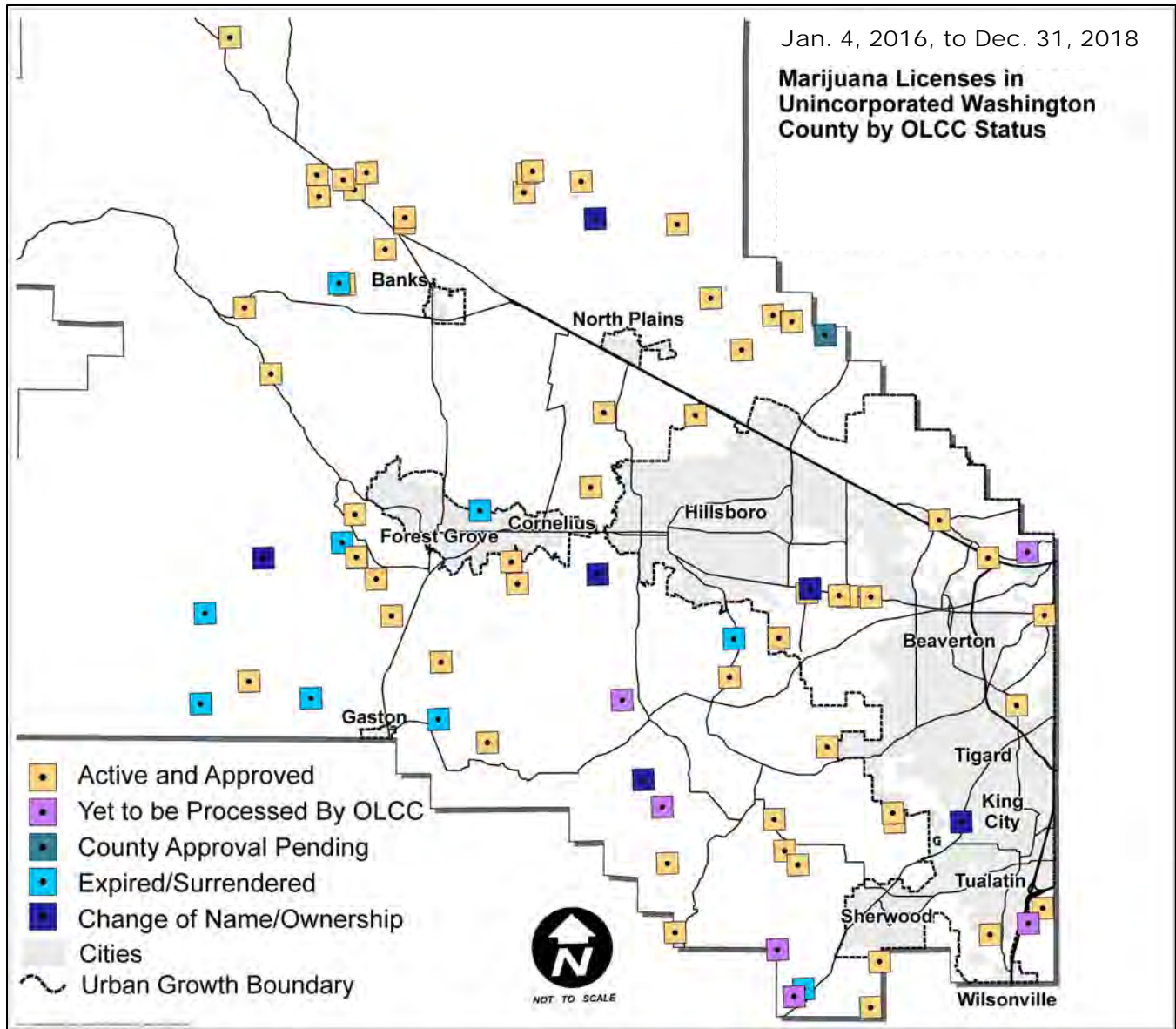
Between Jan. 4, 2016, and Dec. 31, 2018, the County received 259 commercial marijuana business applications for land use review and/or LUCS approval.¹⁴ Nearly 66% of applicants that obtained land use review and/or LUCS approval from the County did not end up acquiring license approval from the OLCC. Some of these applications likely obtained LUCS approval early in the process soon after legalization. As completed facility construction and successful final inspection are required for OLCC commercial marijuana licensure, stringent regulations and construction financing challenges could present barriers for applicants seeking to establish a licensed commercial marijuana business. These may offer some credible explanation.

¹⁴ Land use reviews for commercial marijuana businesses were not required by the County between Jan. 4 and Nov. 29, 2016 (effective date of Ordinance No. 810).

The following map shows the geographic distribution of marijuana licenses by OLCC status in unincorporated Washington County.

Map 1: Marijuana Licenses by OLCC Status in Unincorporated Washington County

(Jan. 4, 2016, to Dec. 31, 2018)



Source: Washington County LUT

Also of interest is how OLCC-licensed commercial marijuana businesses are distributed across County land use districts. The following table shows OLCC license approvals in unincorporated Washington County by land use district:

Table 5: OLCC Marijuana License Approvals by Land Use District - Unincorporated Washington County* (Jan. 4, 2016, to Dec. 31, 2018)

Land Use District	Production	Processing	Wholesale	Retail	Research or Testing Lab	Total OLCC Approvals	Percent of Total Approvals
Future Development 20-Acre District (FD-20)	2					2	2.5%
Neighborhood Commercial (NC)							-
Office Commercial (OC)	1					1	1.3%
Community Business District (CBD)				5		5	6.3%
General Commercial (GC)							-
Industrial (IND)	1			1		2	2.5%
Institutional (INST)							-
Exclusive Farm Use (EFU)	21		1			22	27.8%
Exclusive Forest and Conservation (EFC)	14		2			16	20.3%
Agriculture and Forest (AF-20)	11		1			12	15.2%
Agriculture and Forest (AF-10)	7					7	8.9%
Agriculture and Forest (AF-5)	8					8	10.1%
Rural Residential - Five Acre Minimum (RR-5)							-
Rural Commercial (R-COM)				1		1	1.3%
Rural Industrial (R-IND)							-
Land Extensive Industrial (MAE)							-
Transit Oriented Retail Commercial (TO:RC)				2		2	2.5%
Transit Oriented Employment (TO:EMP)							-
Transit Oriented Business (TO:BUS)				1		1	1.3%
Bethany – Neighborhood Corner Commercial (NCC NB)							-
Bethany – Neighborhood Commercial Mixed Use (NCMU NB)							-
Total OLCC Approvals	65	0**	4	10	0	79**	
Percent of Total Approved	82.3%	-	5.0%	12.7%	-		

Source: Washington County LUT

Allowed
 Not Allowed
 # Allowed between Jan. 4, and Nov. 29, 2016
 Total
 Percentage
 Grand Total

* Includes OLCC marijuana licenses currently active, as well as expired/suspended licenses, those awaiting County approval, and/or had a change in business name or ownership. See Table 4, Page 10 for a breakdown of OLCC license status by commercial marijuana activity for unincorporated Washington County.

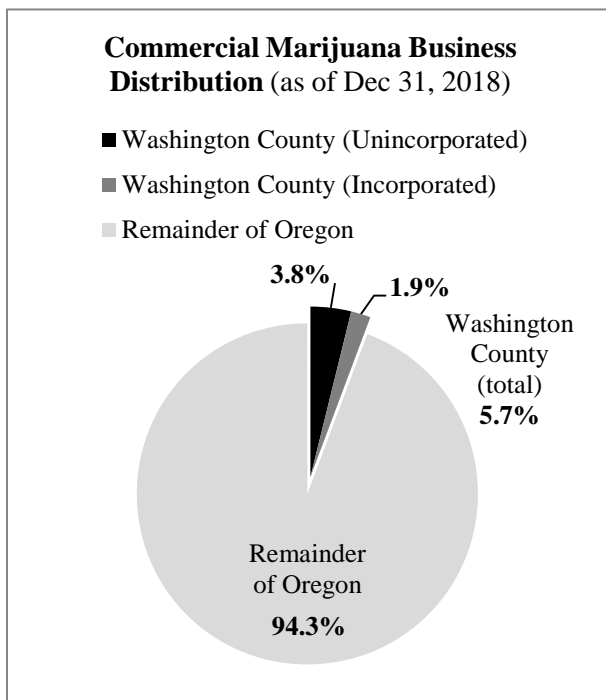
** The difference in the total number of approvals between the OLCC and the County is due to one “county approval pending” application, as of Jan. 7, 2019, that was approved by the OLCC.

Comparison of OLCC License Approvals

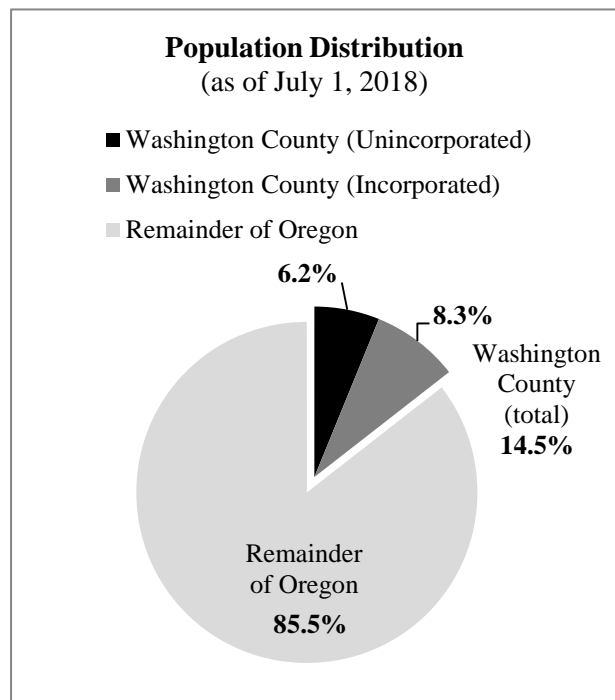
Of the 4,376 license applications for proposed commercial marijuana businesses received by the OLCC from across Oregon, nearly half were approved (see Appendix C, Table C-2). Of the 289 license applications received from throughout all of Washington County, 41.5% were approved.

OLCC commercial marijuana licenses issued in all of Washington County comprise 5.7% of the total issued across Oregon. Marijuana licenses in unincorporated Washington County comprise 3.8% of the total issued statewide.¹⁵ As these areas, respectively, represent 14.5% and 6.2% of Oregon’s total population,¹⁶ there are fewer OLCC-licensed, commercial marijuana businesses per capita in Washington County - both overall and in the unincorporated areas - than elsewhere in Oregon.

Figure 1: County Share of Licensed Commercial Marijuana Businesses and Population



Source: OLCC Recreational Marijuana Program



Source: Population Research Center, Portland State University

¹⁵ While 3.8% of the statewide approvals represent 81 marijuana businesses, OLCC marijuana licenses for 15 of these businesses were surrendered or expired as of Dec. 21, 2018. Sixty-six of these businesses remain active, thereby resulting in a lower percentage.

¹⁶ Based on population as of July 1, 2018, provided by the Population Research Center at Portland State University.

VI. Enforcement and Compliance of Recreational Marijuana Regulations

Local law enforcement is generally responsible for issues related to criminal behavior at licensed commercial marijuana facilities and for illegal marijuana activities elsewhere. The OLCC is responsible for enforcement, compliance, and determining punitive actions against businesses it licenses. Both the Washington County Sheriff's Office and the OLCC provided useful feedback for this update on marijuana-related enforcement and compliance in Washington County.

Feedback from the Washington County Sheriff's Office

Prior to County adoption of recreational marijuana regulations in 2016, Sheriff Pat Garrett voiced concerns about marijuana production allowed at the time in urban residential land use districts. In written testimony to the Board on Ordinance No. 810, dated May 12, 2016, Garrett stated his opposition to "massive grows in residential areas" and highlighted many negative externalities of marijuana production in residential land use districts that neighboring counties considered when developing their own recreational marijuana activity regulations. Regulations adopted through Ordinance No. 810 disallowed commercial marijuana production in urban residential land use districts.

For this report, LUT staff reached out to the Sheriff's Office to better understand impacts on law enforcement since legalization of recreational marijuana and County implementation of land use regulations allowing commercial marijuana activities.

In a letter dated Jan. 15, 2019, included as Appendix F, Garrett noted that in 2018, there were 99 calls-for-service for incidents related to *legal* recreational marijuana businesses in unincorporated Washington County. Generally these involved "investigative follow-ups, after hours alarm responses, reports of suspicious persons or vehicles, unwanted persons, thefts and burglaries." Garrett indicated that law enforcement continues to see *illegal* marijuana manufacturing, distribution, and sales, but not necessarily related to *legal* recreational marijuana businesses.

Three years into OLCC implementation of the Recreational Marijuana Program and County regulation of recreational marijuana businesses, Garrett remains concerned with the public safety threat from "*illicit* [emphasis added] marijuana-related manufacture and distribution in Oregon since state legalization." His letter highlights several examples in the past three years where *illegal* butane honey oil extraction labs exploded, causing significant burns to suspects, property damage, and risk to neighbors and family members.

Garrett's 2019 letter references a "marijuana summit" convened in February 2018 by U.S. Attorney Billy Williams of Oregon, that Garrett said showed "strong consensus among regional law enforcement and many in the marijuana industry that Oregon has dedicated insufficient resources to regulatory enforcement and oversight" of marijuana businesses. Garrett cited a vibrant export market from Oregon to states where marijuana remains illegal. According to Garrett, Williams reported that "large quantities of Oregon marijuana have been seized in 30 states and significant black market proceeds pour back into Oregon that fuel continued illicit marijuana exports and sales."

In response, Garrett would like to see “state and local [elected] officials advocate to increase Oregon’s regulatory oversight to an effective level to protect the community and enable informed answers to questions whether marijuana businesses comply with state regulations.”

OLCC Enforcement

The OLCC performs enforcement actions across Oregon to better ensure compliance with state statutes and rules by OLCC marijuana licensees. It also inspects the premises of applicant facilities prior to issuing commercial marijuana license approval and at renewal if a licensee is altering the licensed premises. Otherwise, most OLCC inspections of licensed marijuana businesses in Oregon are complaint-driven.

In 2018, the OLCC conducted decoy operations to better prevent minors from entering licensed retail businesses to purchase marijuana products. In November 2018, the Commission announced results from Operation Good Harvest, where OLCC inspectors made enforcement inspections on recreational marijuana producers. While these statewide actions resulted in some violations, they also affirmed that most marijuana businesses are generally compliant with OLCC regulations.

During Operation Good Harvest, the OLCC found that 259 of 354 inspections (73%) of outdoor commercial marijuana producer licensees did not identify any deficiencies or potential violations.¹⁷ An OLCC representative added that “quite a few” inspections were conducted on marijuana producers in unincorporated Washington County, but that no violations were found.¹⁸

As of December 2018, only three licensed recreational marijuana businesses in unincorporated Washington County have been cited for marijuana-related violations by the OLCC. Two commercial marijuana producers had multiple violations in 2016 and 2017 and have since surrendered their licenses. One business was cited for use of an OLCC commercial marijuana license other than for what is permitted, insufficient tracking, and improper harvest lot segregation. The other was cited for displaying improper tags, exceeding production size limits, and premises security issues. The third commercial marijuana business cited in unincorporated Washington County by the OLCC for a violation of recreational marijuana-related rules was by a currently active marijuana retailer cited once in 2018 for sale to a minor.

The OLCC indicates that throughout 2019 it will continue compliance activities in Oregon across all recreational marijuana business classifications.

VII. Assessment of Current Recreational Marijuana Regulations

There have been few complaints from applicants specific to County marijuana regulations beyond general comments on the time it takes to process standard land use applications. Testimony and comments received on past recreational marijuana ordinances have largely been resolved, through subsequent prohibitions on commercial marijuana activities in Future Development districts and recreational marijuana retail businesses near designated youth-oriented recreational facilities. Moreover, LUT employees identify few implementation

¹⁷ OLCC News Release, *OLCC’s “Good Harvest” Produces Promising Results*, Nov. 19, 2018.

¹⁸ LUT staff email correspondence with Amanda Borup, policy analyst with the OLCC Recreational Marijuana Program, Dec. 21, 2018.

challenges or concerns regarding recreational marijuana regulations in the CDC. In 2019, one request seeking to expand commercial marijuana activities in a specific land use district and one complaint from a business tenant about odor from a nearby hemp processing facility were received.

One notable exception is the case of a recreational marijuana retail facility once proposed in an existing building located in a Transit Oriented: Retail Commercial (TO:RC) land use district in the Cedar Hills – Cedar Mill Community Plan area. The applicant obtained a Type II land use approval from the County in June 2017, which was appealed. During the public comment period, the County received approximately 200 letters regarding the project, most in opposition. Concerns included incompatibility with the character of the neighborhood; proximity to a school; increased traffic; noncompliance with County standards; and increased risks to public health and safety. The LUT Director concluded the proposed development was compliant with the CDC and Community Plan and the Hearings Officer upheld the Director’s decision. The applicant later withdrew the application and chose to complete the project elsewhere.

OLCC Updates

In December 2018, the OLCC adopted minor regulatory changes for recreational marijuana. One notable modification was ending the issuance of new OLCC marijuana licenses to recreational marijuana processors operating as “alternating proprietors,” or shared kitchens, on the same licensed premises but at different times, in accordance with a schedule approved by the OLCC.¹⁹ Upon LUT inquiry, the OLCC indicated that not many licensees were interested and that the regulations were too burdensome to make the type of use worthwhile. The Commission also highlighted various issues for licensees involved with scheduling, testing, and other transfers.

As noted earlier, Ordinance No. 833, adopted in August 2018, added a new CDC definition of “alternating proprietor” and allowed recreational marijuana processors of cannabinoid edibles, topicals, and concentrates to share facilities with other recreational marijuana processors under certain conditions. The OLCC rule change ending issuance of new commercial marijuana licenses for alternating proprietors will halt new approvals under this business arrangement. While the Commission’s decision does not require the County to make immediate amendments to the CDC, LUT recommends that existing references to alternating proprietors added by Ordinance No. 833 be removed in a future omnibus ordinance.

Request for Change to CDC

One formal request to change the County’s recreational marijuana regulations was submitted in the past year and since County rules on commercial marijuana activities were adopted. A.W. Stuart Law, representing Western Oregon Dispensary, Inc. (WOD), requested a revision to the CDC to expand permitted uses in the Transit Oriented Retail Commercial (TO:RC) district. The request was specifically to allow processing of cannabinoid *edibles*, a sub-type of marijuana processing as defined by the OLCC, in a land use district where it is not currently allowed. While the OLCC distinguishes marijuana edibles processing from other sub-types of marijuana

¹⁹ Processor licensees in alternating proprietorships before Jan. 1, 2019, are grandfathered to rules that applied when licenses were granted.

processing, making it possible for cities and counties to distinguish between processing from a land use perspective, the CDC does not distinguish between types of marijuana processing.

WOD's request was addressed in the 2019-2020 Long Range Planning Work Program. LUT's review of allowances in neighboring jurisdictions for marijuana processing in commercial land use districts (Appendix E) helped inform analysis of this request. LUT ultimately recommended against moving forward with the proposed change, and the Board approved the Work Program without this request in March 2019.

Feedback from OLCC-Licensed Recreational Marijuana Businesses

In May 2019, LUT reached out to OLCC-licensed recreational marijuana producers, wholesalers, and retailers in unincorporated Washington County that had obtained both a County land use approval and LUCS. Licensees were asked about their experience with the County's development review process for commercial marijuana businesses and how it compares to similar processes in other jurisdictions. LUT also solicited feedback on how the process could be improved.

Respondents shared that their experiences with the County were generally positive. Most indicated the experience was better or equivalent to that in other jurisdictions. One respondent highlighted the great work of a particular LUT employee. Another indicated that the application process was handled efficiently.

Criticism and recommendations varied and often were project specific. Some shared frustrations about excessive processing time for applications. One respondent recommended allowing application review to start sooner and be done in parallel with other permitting activities. Another mentioned a perception that recreational marijuana wholesale businesses are treated differently from other small farm commercial operations.

Other specific comments included:

- Tailor application requirements to the size and anticipated impacts of commercial marijuana activities proposed.
- Waive the sight distance requirement for existing, rural recreational marijuana businesses proposing minimal changes.
- Update development standards for commercial marijuana dispensaries to enable growth of the industry so that more will get built. "There are too few in certain areas. Washington County is the second largest county in the state and they have less dispensaries than most any other county west of the mountains."²⁰
- Implement a countywide 3% local tax on recreational marijuana sales, as allowed by the OLCC Recreational Marijuana Program.

²⁰ LUT staff email correspondence with the owner of a licensed recreational marijuana retail businesses located in unincorporated Washington County, May 23, 2019.

VIII. Possible Legislative Changes to Recreational Marijuana Regulations

In 2019, the Oregon Legislature proposed several recreational marijuana-related bills. A few of these bills remain active, including the following:

1. **Senate Bill (SB) 218 C** would authorize the OLCC, based on supply of and demand for marijuana, to refuse to issue commercial marijuana production licenses for any amount of time that the Commission deems necessary. The bill would not apply to renewal of production licenses or the issuance or reissuance of marijuana production licenses due to a change in the location or ownership of a commercial recreational marijuana facility. The proposed bill would also allow the OLCC to determine whether to accept and process license applications for commercial marijuana production during a period when the Commission is not issuing new licenses for recreational marijuana production.

The Senate on April 29 voted 18-10 to pass SB 218 A and refer it to the House. The bill was referred to the House Committee on Economic Development as SB 218 B, where a public hearing was held May 8 and a work session May 22. The House Committee recommended passage of SB 218 B with amendments (C-Engrossed) on May 23.

The A-Engrossed and B-Engrossed versions include minor changes. C-Engrossed requires the OLCC to process new license applications for recreational marijuana production submitted with a LUCS within 21 days of the bill's effective date. It allows the OLCC to inactivate applications if a LUCS is not submitted in a timely manner; prohibits applicants from changing the application location or making a change of ownership of 51% or more; and requires the OLCC to study the effects of SB 218 C on the marijuana industry and report annually to the Legislative Assembly.

2. **Senate Bill (SB) 1012** would clarify that to qualify for a LUCS exemption, an applicant seeking a commercial license for marijuana production is not required to demonstrate continuous registration of a marijuana grow site prior to the date the application is submitted to the OLCC.

The Senate on April 2 voted 21-6 to pass SB 1012. The House on May 22 voted 45-10 to pass the enrolled bill, as introduced. SB 1012 will be sent to Gov. Kate Brown for signing.

3. **House Bill (HB) 2098 B** would establish a committee to advise the OLCC, OHA, and ODA on standards for testing potency of marijuana and marijuana items. The bill would allow licensed commercial marijuana producers to produce and transfer kief, the resinous trichomes of marijuana that accumulate or fall off when marijuana flowers are sifted.

The House on April 16 voted 49-9 to pass HB 2098 A. The Senate on May 22 voted 27-1 to pass HB 2098 B. The bill will be referred back to the House. The A-Engrossed version added new committee provisions as described above. B-Engrossed would allow pharmacists to dispense to patients certain prescription drugs that contain one or more cannabinoids. HB 2098 B would also clarify that applicants seeking to establish a

licensed commercial marijuana production business are not required to demonstrate continual registration as persons responsible for a medical marijuana grow site to qualify for a LUCS exemption.

IX. Conclusion

Over 2,300 new licensed marijuana businesses and over 58,000 associated jobs have been created in Oregon since regulated recreational marijuana activity became legal in 2016.²¹ Unincorporated Washington County alone has 61 active, licensed marijuana businesses, with many more applications still yet to be processed by the OLCC. Applicants in unincorporated Washington County have been successful in securing needed land use approvals, and licensees throughout the County have proven largely compliant with state and local laws and regulations.

Overall, the County's administrative oversight of recreational marijuana businesses has gone smoothly. Despite lingering concerns by County law enforcement, the County has received few complaints from the public and relatively positive feedback from commercial marijuana licensees. LUT does not recommend changes to CDC regulations for recreational marijuana at this time, but acknowledges the importance of monitoring updates to the OLCC Recreational Marijuana Program. LUT will also continue gathering, generating, and soliciting feedback from commercial marijuana businesses, LUCS applicants, and the general public, and will continue to periodically provide status reports to the Board on recreational marijuana activities in Washington County and across Oregon.

²¹ Based on OLCC data on statewide marijuana licenses and worker permits – Jan. 4, to Jan. 7, 2019

Appendix A: Supplemental Data of Land Use and LUCS Approvals

By Year

More than 82% of current OLCC marijuana licenses in unincorporated Washington County were obtained in 2016 (Table A-1). Applications approved subsequently are a significantly smaller percentage of total license approvals. Reasons for this difference may include initial heightened interest in starting a business in a new industry (and declining enthusiasm as the market matures), as well as a trend toward market and financial capital saturation.

Table A-1: OLCC Commercial Marijuana License Approvals by Year - Unincorporated Washington County* (Jan. 4, 2016, to Dec. 31, 2018)

Year	Production	Processing	Wholesale	Retail	Research or Testing Lab	Total Licenses Approved	Percent of Total Licenses Approved
2016	58	0	0	7	0	65	82.3%
2017	7	0	4	2	0	13	16.4%
2018	0	0	0	1	0	1	1.3%
Total Approved	65	0	4	10	0	79	
Percent Approved	82.3%	-	5.0%	12.7%	-		

Source: Washington County LUT

* Includes OLCC marijuana licenses currently active, as well as expired/suspended licenses, those awaiting County approval, and/or had a change of in business name or ownership (see Table 4, Page 10 for a detailed breakdown).

By Location

More than 83% of current OLCC-licensed recreational marijuana businesses in unincorporated Washington County are located outside the urban growth boundary, or UGB (Table A-2). A vast majority of licensed marijuana businesses in the rural area – 61 of 66 – are for recreational marijuana production. Inside the UGB, licensed marijuana businesses are primarily recreational marijuana retail establishments.

Table A-2: OLCC Commercial Marijuana License Approvals by Location - Unincorporated Washington County* (Jan. 4, 2016, to Dec. 31, 2018)

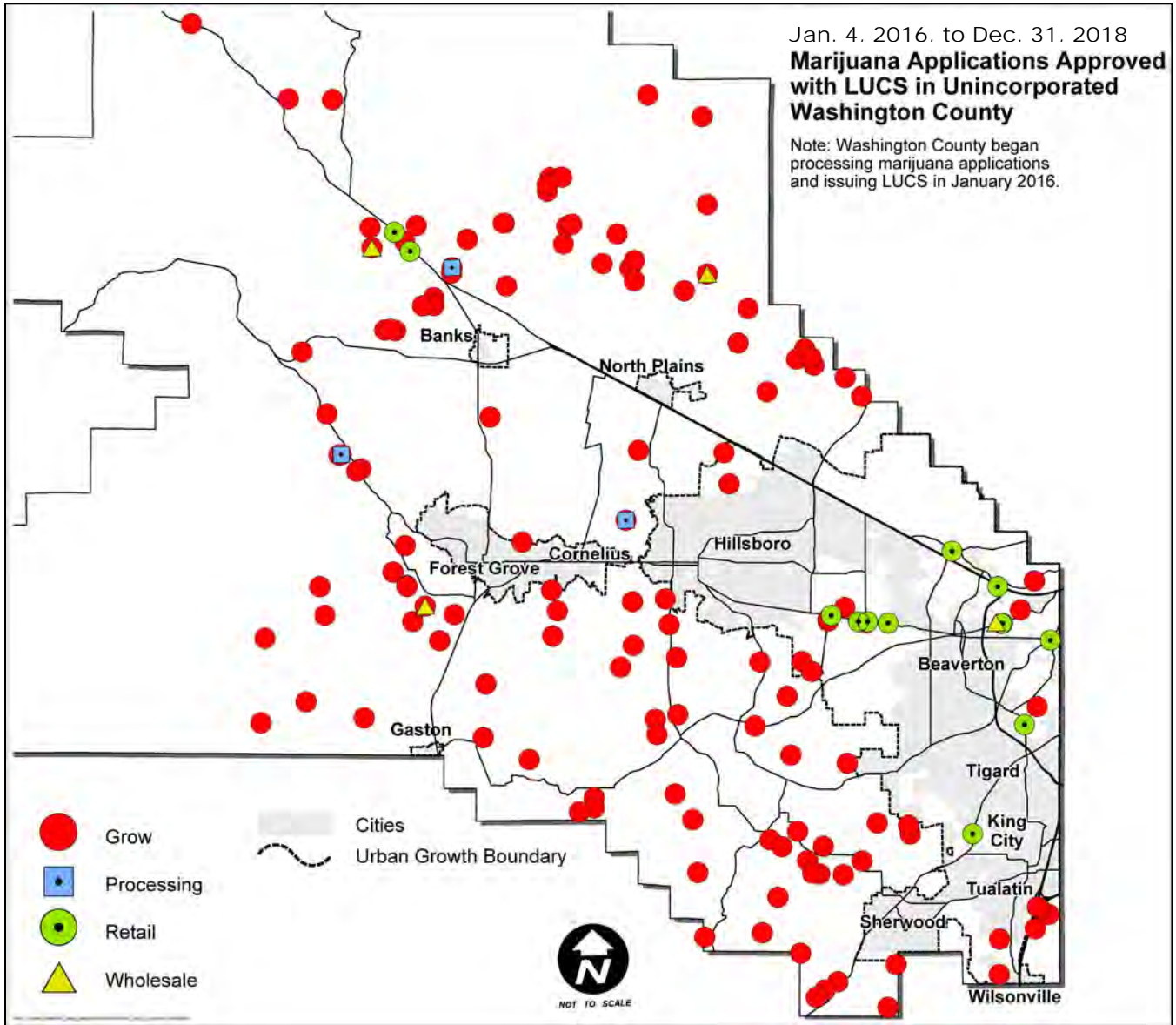
UGB Designation	Production	Processing	Wholesale	Retail	Research or Testing Lab	Total Licenses Approved	Percent of Total Licenses Approved
Urban: inside UGB	4	0	0	9	0	13	16.5%
Rural: outside UGB	61	0	4	1	0	66	83.5%
Total Approved	65	0	4	10	0	79	
Percent Approved	82.3%	-	5.0%	12.7%	-		

Source: Washington County LUT

* Includes OLCC marijuana licenses currently active, as well as expired/suspended licenses, those awaiting County approval, and/or had a change of in business name or ownership (see Table 4, Page 10 for a detailed breakdown).

Appendix B: Supplemental Maps of Land Use Review and LUCS Applications

Map B-1: Commercial Marijuana Applications Approved* in Unincorporated Washington County (Jan. 4, 2016, to Dec. 31, 2018)



Source: Washington County LUT

* Includes commercial marijuana businesses that obtained an OLCC license and commercial marijuana business applicants that obtained County land use review and/or LUCS approval but did not obtain an OLCC license.

Appendix C: Recreational Marijuana Applications Submitted to OLCC

Table C-1: Recreational Marijuana Applications Received by OLCC, by County
 (Jan. 4, 2016, to Jan. 7, 2019; unincorporated Washington County data (bottom row) as of Dec. 31, 2018)

County (includes both incorporated and unincorporated areas)	Production	Processing	Wholesale	Retail	Research	Testing Lab	Total Received	Percent of Total Received
Baker	5	2	4	6	1	0	18	0.4%
Benton	35	10	6	18	0	1	70	1.6%
Clackamas	341	85	35	43	0	4	508	11.6%
Clatsop	20	3	3	26	0	0	52	1.2%
Columbia	59	4	3	9	0	0	75	1.7%
Coos	35	7	4	35	0	0	81	1.9%
Crook	0	1	0	1	0	0	2	0.0%
Curry	20	3	0	15	0	0	38	0.9%
Deschutes	98	38	19	41	0	2	198	4.5%
Douglas	6	2	1	15	0	0	24	0.5%
Gilliam	2	0	0	0	0	0	2	0.0%
Grant	1	0	0	1	0	0	2	0.0%
Harney	1	0	0	2	0	0	3	0.1%
Hood River	28	8	1	8	0	1	46	1.1%
Jackson	458	77	38	68	1	5	647	14.8%
Jefferson	1	0	0	7	0	0	8	0.2%
Josephine	392	39	21	14	0	1	467	10.7%
Klamath	3	0	1	2	0	0	6	0.1%
Lake	1	0	0	3	0	0	4	0.1%
Lane	273	73	42	115	0	3	506	11.6%
Lincoln	23	7	1	32	0	1	64	1.5%
Linn	33	3	2	27	0	1	66	1.5%
Malheur	5	7	7	13	0	0	32	0.7%
Marion	43	28	20	83	0	1	175	4.0%
Multnomah	152	120	104	298	1	10	685	15.7%
Polk	73	5	1	12	0	1	92	2.1%
Tillamook	20	4	0	10	0	0	34	0.8%
Umatilla	2	0	0	5	0	0	7	0.2%
Wallowa	0	0	0	1	0	0	1	0.0%
Wasco	21	7	5	5	0	0	38	0.9%
Washington	147	40	32	62	1	7	289	6.6%
Yamhill	85	22	11	18	0	0	136	3.1%
Total Received	2,383	595	361	995	4	38	4,376	
Percent Received	54.5%	13.6%	8.2%	22.7%	0.1%	0.9%		

Unincorporated Washington County Only	75	1	4	10	0	0	90	2.1%
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Sources: The OLCC Recreational Marijuana Program and Washington County LUT

Metro Area County

Table C-2: Recreational Marijuana Applications Approved by OLCC, by County, Compared to Total Recreational Marijuana Applications Received by OLCC
 (Jan. 4, 2016, to Jan. 7, 2019; unincorporated Washington County data (bottom row below) as of Dec. 31, 2018)

County (includes incorporated and unincorporated areas)	Production	Processing	Wholesale	Retail	Research	Testing Lab	Total Approved	Percent of Total Approved	Total Received	Percent of Total Approved
Baker	1	2	2	4	0	0	9	0.4%	18	50.0%
Benton	22	6	2	9	0	1	40	1.9%	70	57.1%
Clackamas	155	32	9	25	0	1	222	10.5%	508	43.7%
Clatsop	9	0	0	16	0	0	25	1.2%	52	48.1%
Columbia	16	0	0	9	0	0	25	1.2%	75	33.3%
Coos	23	3	2	14	0	0	42	2.0%	81	51.9%
Crook	0	0	0	0	0	0	0	0.0%	2	-
Curry	7	1	0	10	0	0	18	0.9%	38	47.4%
Deschutes	32	18	11	25	0	2	88	4.2%	198	44.4%
Douglas	3	0	0	11	0	0	14	0.7%	24	58.3%
(data error)	1	0	0	1	0	0	2	0.1%	-	-
Gilliam	0	0	0	0	0	0	0	0.0%	2	-
Grant	0	0	0	0	0	0	0	0.0%	2	-
Harney	1	0	0	2	0	0	3	0.1%	3	100%
Hood River	19	2	1	6	0	1	29	1.4%	46	63.0%
Jackson	226	24	18	40	0	3	311	14.8%	647	48.1%
Jefferson	0	0	0	5	0	0	5	0.2%	8	62.5%
Josephine	166	11	6	10	0	0	193	9.2%	467	41.3%
Klamath	0	0	0	0	0	0	0	0.0%	6	-
Lake	1	0	0	2	0	0	3	0.1%	4	75.0%
Lane	149	27	21	87	0	2	286	13.6%	506	56.5%
Lincoln	13	4	0	24	0	0	41	1.9%	64	64.1%
Linn	9	1	1	13	0	0	24	1.1%	66	36.4%
Malheur	0	0	0	0	0	0	0	0.0%	32	-
Marion	21	7	6	52	0	0	86	4.1%	175	49.1%
Multnomah	77	56	53	174	0	7	367	17.4%	685	53.6%
Polk	35	0	0	9	0	0	44	2.1%	92	47.8%
Tillamook	11	0	0	10	0	0	21	1.0%	34	61.8%
Umatilla	1	0	0	3	0	0	4	0.2%	7	57.1%
Wallowa	0	0	0	0	0	0	0	0.0%	1	-
Wasco	10	4	2	5	0	0	21	1.0%	38	55.3%
Washington	68	8	9	30	0	5	120	5.7%	289	41.5%
Yamhill	44	4	2	12	0	0	62	2.9%	136	45.6%
Total Approved	1,120	210	145	608	0	22	2,105		4,376	48.1%
Percent Approved	53.2%	10.0%	6.9%	28.9%	0.0%	1.0%				

Sources: The OLCC
 Recreational Marijuana
 Program and Washington
 County LUT

Metro Area County

Total Received	2,383	595	361	995	4	38
Percent of Total Approved	47.0%	35.3%	40.2%	61.1%	0.0%	57.9%

Washington County Only

Total Received	147	40	32	62	1	7
Percent Approved	46.3%	20.0%	28.1%	48.4%	0.0%	71.4%

Approved - Only Unincorporated	67/75	1/1	3/4	9/10	0/0	0/0	80/90	4.2%	90	88.9%
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Appendix D: Time, Place, and Manner Requirements in the CDC for Recreational Marijuana Activities

Table D-1: CDC Time, Place, and Manner Requirements

CDC Section	Requirements
430-80.1	No more than one licensee for each recreational marijuana business activity (production, processing, wholesale, retail, and research/testing) may be established on the same lot of record.
430-80.2	Retail marijuana facilities are permitted subject to the following: <ul style="list-style-type: none"> A. All state requirements must be met; B. Hours of operation are limited to between 8 a.m. and 10 p.m.; C. Entrances and off-street parking areas for a retail marijuana facility must be well lit and not visually obscured from public view/right-of-way; D. In the Industrial (IND), General Commercial (GC), and Rural Commercial (R-COM) land use districts, the maximum allowed gross floor area for a retail recreational marijuana facility is 3,000 square feet; and E. In addition to state requirements for location, a retail marijuana facility must be located: <ul style="list-style-type: none"> 1. At least 1,000 feet away from any other retail marijuana facility; and 2. At least 1,000 feet from a youth-oriented recreational facility owned and operated by Tualatin Hills Park & Recreation District.
430-80.3	Marijuana production is permitted subject to the following: <ul style="list-style-type: none"> A. For outdoor marijuana production outside the UGB, setbacks must be a minimum of 50 feet from all property lines; and B. For odor control, buildings used for indoor marijuana production must be equipped with a carbon filtration system; or C. An alternative odor control system demonstrated by a mechanical engineer licensed in Oregon that the alternative system will control odor as well or better than the activated carbon filtration system otherwise required.
430-80.4	Marijuana processing facilities are permitted subject to the following: <ul style="list-style-type: none"> A. For odor control, buildings used for marijuana processing must be equipped with a carbon filtration system; or B. An alternative odor control system demonstrated by a mechanical engineer licensed in Oregon that the alternative system will control odor as well or better than the activated carbon filtration system otherwise required; C. A cannabinoid edible or cannabinoid topical licensee may share a marijuana processing facility with another cannabinoid edible, cannabinoid topical, or cannabinoid concentrates processor subject to the license requirements of the OLCC; and D. A cannabinoid edible processor may only process in a facility licensed by the Oregon Department of Agriculture and subject to OLCC endorsement and license requirements.

Appendix E: Local Allowances for Commercial Marijuana Processing

Table E-1: Commercial Districts where Recreational Marijuana Processing is Allowed

Jurisdiction	Commercial Zones	District Purpose	Use Type	Notes
Clackamas County				
Oregon City	Mixed-Use Employment (MUE)	Promote employment-intensive uses like large offices and research and development complexes.	Primary	-
Unincorporated Clackamas County	Corridor Commercial (CC); General Commercial (C-3); Station Community Mixed Use (SCMU); Office Commercial (OC)	-	Primary	All: Only processing of cannabinoid edibles and topicals is allowed. SCMU: Maximum 10,000 square foot building allowed if floor area of all marijuana uses does not exceed 25% total floor area. OC: Permitted only if physical and operational requirements are similar to other primary uses allowed.
Multnomah County				
Portland	Commercial Mixed Use (CM1/CM2/CM3); Commercial Employment (CE); Central Commercial (CX)	-	Limited/Conditional	-
Unincorporated Multnomah County	Rural Center (RC); Pleasant Home Center (PH-RC); Orient Commercial-Industrial (OCI); Burlington Rural Center (BRC); Springdale Rural Center (SRC)	RC: Provide local employment through light industrial uses consistent with rural character. All: Serve population of rural community area and travelers.	Conditional or Review Use	All: One type of marijuana business may be established on any one lot.
Lane County				
Eugene	Neighborhood Commercial (C-1); Community Commercial (C-2); Major Commercial (C-3)	C-1: Serve day-to-day needs of surrounding neighborhood. C-2: Serve population larger than neighborhood but smaller than metro area. C-3: Attract population from entire metro area.	Primary	-
Unincorporated Lane County	Rural Commercial (RC)	Serve rural residents or travelers with retail trade of products or services by allowing needed commercial uses and development.	Primary	All: Marijuana processing is subject to discretionary review and special use permit approval and is only permitted on properties within the fire protection district.

Table E-2: Commercial Districts where Recreational Marijuana Processing is Allowed (Deschutes County)

Jurisdiction	Commercial Zones	District Purpose	Use Type	Notes
Deschutes County				
Bend	Central Business (CB); Convenient Commercial (CC); Limited Commercial (CL); General Commercial (CG); Mixed-Use Riverfront (MR)	CL: Provide retail, service, and tourist commercial uses along highways or commercial centers. MR: Provide employment opportunities and housing types; foster non-motor vehicle use; ensure area compatibility; and activate area near Deschutes River.	CB, CC, CG, and MR: Primary; CL: Conditional	CL: Marijuana retail outlets are allowed when in building over 5,000 square feet. MR: Marijuana retail outlets are allowed when in a building 5,000 square feet or less.
Unincorporated Deschutes County	Terrebonne Commercial (TEC); Terrebonne Commercial Rural (TECR); Tumalo Commercial (TUC); Sun River Business Park (SUBP)	TEC/TECR/TUC: Serve community and surrounding rural areas. SUBP: Guide future development of Sun River.	Conditional	SUBP: Processing of cannabinoid edibles, cannabinoid topicals, and cannabinoid concentrates allowed in building in combination with retail/rental store or office/service establishment.

Table E-3: Commercial Districts where Recreational Marijuana Processing is Allowed (Washington County)

Jurisdiction	Commercial Zones	District Purpose	Use Type
Washington County			
Banks	General Commercial (GC)	Promote retail sales, service, and office uses, including structures up to 20,000 square feet.	Conditional uses associated with Primary uses are allowed.
Beaverton	Not allowed	-	-
Cornelius	Not allowed	-	-
Durham	Industrial Park (IP); Business Park Overlay (BPO)	IP: Create and preserve employment opportunities for residents. BPO: Promote flexible uses and certain design features desired and feasible through Planned Development.	Only Primary uses are allowed.
Forest Grove	Not allowed	-	-
Gaston	Not allowed	-	-
Hillsboro	Not allowed	-	-
King City	<i>Current zoning rules not available.</i>		
North Plains	Not allowed	-	-
Sherwood	<i>All recreational marijuana activity is banned citywide.</i>		
Tigard	Not allowed	-	-
Tualatin	Not allowed	-	-
Wilsonville	<i>All recreational marijuana activity is banned citywide.</i>		
Unincorporated Washington County	Not allowed	-	-

Appendix F: Letter from Washington County Sheriff Pat Garrett
Page 1 of 2



CONSERVING THE PEACE THROUGH VALUES DRIVEN SERVICE / SHERIFF PAT GARRETT

January 15, 2019

Todd Borkowitz, RLA, LEED AP
Washington County Dept. of Land Use & Transportation
155 N First Avenue Ste. 350 MS14
Hillsboro, Oregon 97124

Dear Mr. Borkowitz,

Thank you for your email inquiry whether the Sheriff's Office has encountered law enforcement problems or non-compliance with business regulations at recreational marijuana businesses in Washington County. A recent check of the website for the Oregon Liquor Control Commission (OLCC) showed 29 licensed marijuana retail businesses in Washington County. Of those, 10 are located in unincorporated areas. A calls-for-service search of those 10 businesses showed 99 Sheriff's Office calls or incidents in 2018. Generally, they involved investigative follow-up, after-hours alarm response, reports of suspicious persons or vehicles, unwanted persons, thefts and burglaries.

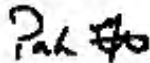
In response to your question whether these businesses complied with Oregon recreational marijuana regulations, the responsibility for such enforcement resides with OLCC. Accordingly, we are not informed to the extent these businesses comply with OLCC regulations.

It's important to remind readers that illicit marijuana-related manufacture and distribution in Oregon since state legalization constitutes a public safety threat. In early 2018, detectives discovered an illegal, highly dangerous butane honey oil extraction laboratory in Beaverton with over 14 pounds of extract. Such a yield requires a chemical process with about 224 pounds of marijuana and significant amounts of pressurized butane. In three separate Washington County cases in the past three years, similar labs exploded which caused significant burns to suspects and in some cases considerable property damage and risk to neighbors and family members.

Related, United States Attorney for Oregon Billy Williams convened an Oregon Marijuana Summit on February 2, 2018. The summit showed strong consensus among regional law enforcement and many in the marijuana industry that Oregon has dedicated insufficient resources to regulatory enforcement and oversight. U.S. Attorney Williams reported that since broader Oregon legalization in 2015, large quantities of Oregon marijuana have been seized in 30 states and significant black market proceeds pour back into Oregon that fuel continued illicit marijuana exports and sales. A 2018 audit of OLCC inventory

revealed over one million pounds of usable cannabis flower available to sell but only 31% was distributed to consumers within the state sanctioned market¹. In response, and consistent with conclusions from the 2018 Oregon Marijuana Summit, it's important state and local elected officials advocate to increase Oregon's regulatory oversight to an effective level to protect the community and enable informed answers to questions whether marijuana businesses comply with state regulations. Thank you for taking the time to seek feedback. Please let me know if I can assist further.

Respectfully,



Pat Garrett
Sheriff

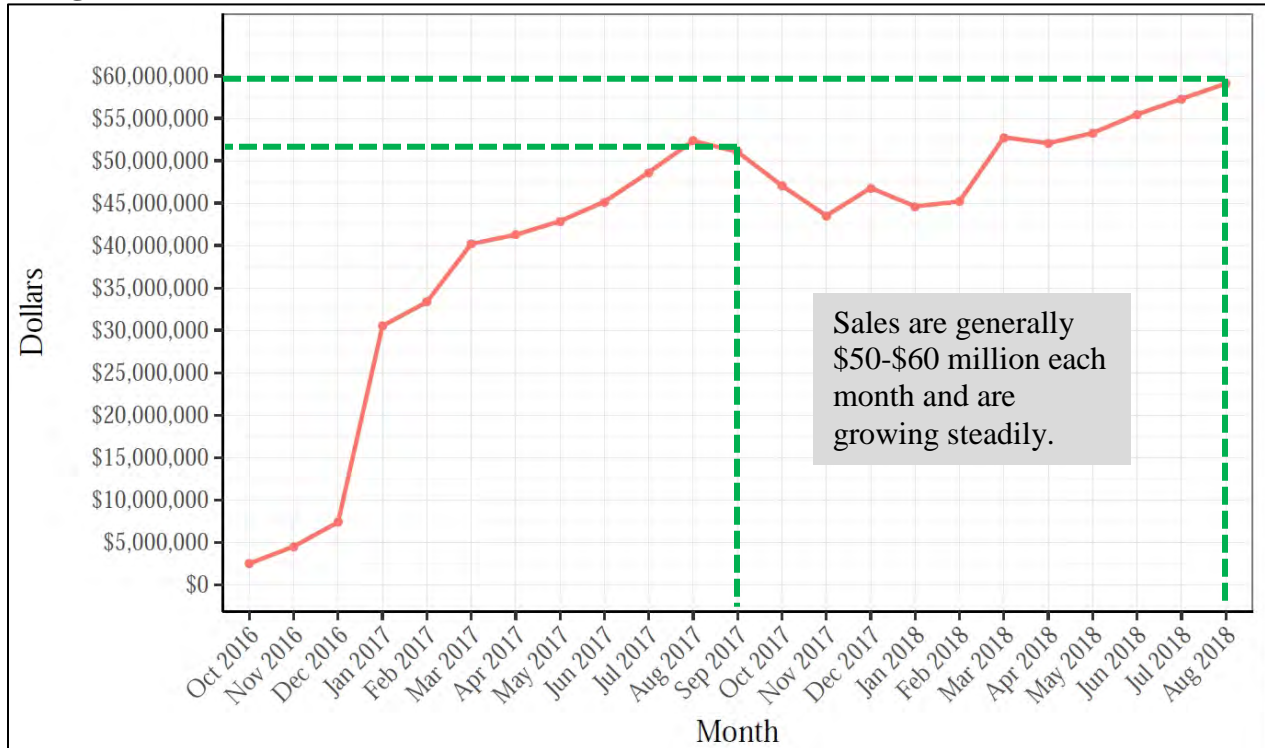
1. Stangl, Matt. 2018. "Oregon Grew More Cannabis Than Customers Can Smoke. Now Shops and Farmers Are Left with Mountains of Unwanted Bud." *Willamette Week*. April 19. Accessed April 24, 2018. <http://www.wweek.com/news/2018/04/18/oregon-grew-more-cannabis-than-customers-can-smoke-now-shops-and-farmers-are-left-with-mountains-of-unwanted-bud/>.

Appendix G: Market Data from Metrc® Cannabis Tracking Program

Metrc® is the cannabis tracking system utilized by the state of Oregon to collect data on retail and wholesale marijuana prices. The OLCC posts results online monthly to provide near real-time data of Oregon’s marijuana market. Below are excerpt charts from the December 2018 post.

According to the 2019 Recreational Marijuana Report published by the OLCC in January 2019, increased marijuana supply in Oregon has resulted in significantly reduced prices. Despite this, the gross monthly sales figures earned from retail marijuana in Oregon have been generally increasing due to the overall quantity of marijuana sold; suggesting that as the state continues to succeed in transitioning from a largely illegal marijuana market to a legalized and regulated one, overall sales and tax revenues can be expected to increase.

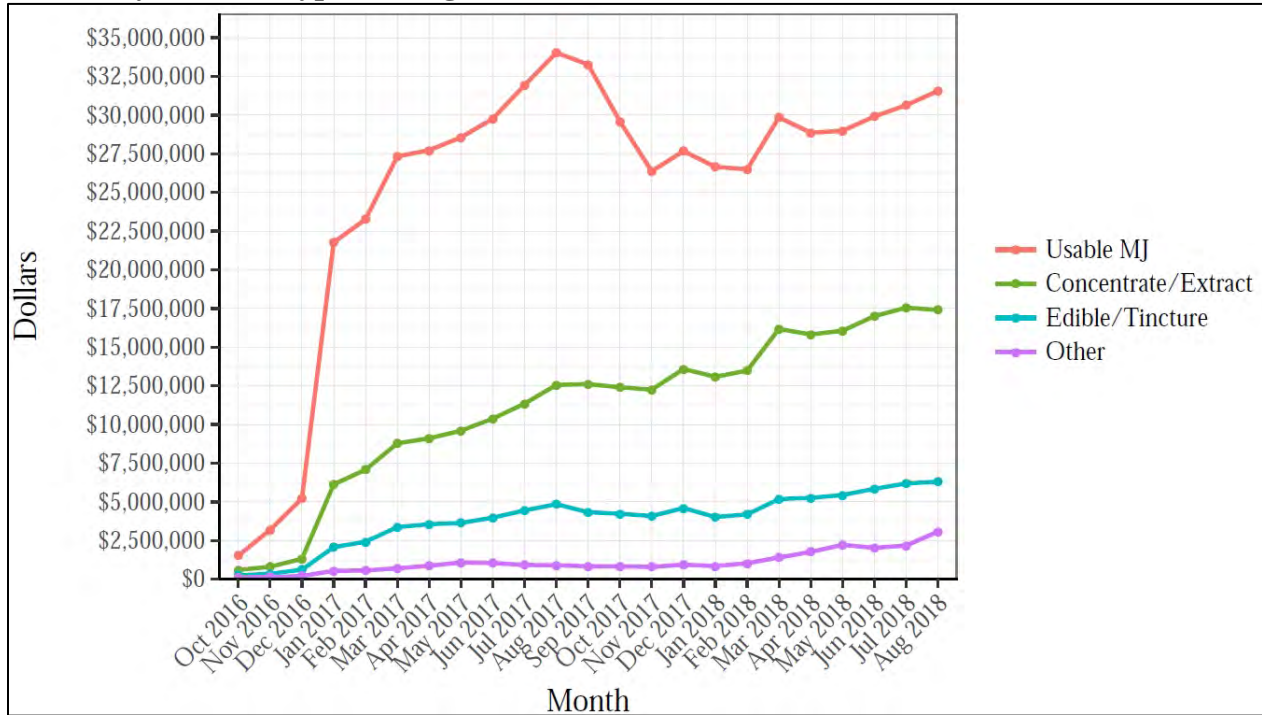
Figure G-1: Total Sales (Dollars) of OLCC-Licensed Recreational Marijuana by Month in Oregon (October 2016, to August 2018)



Source: OLCC Recreational Marijuana Program

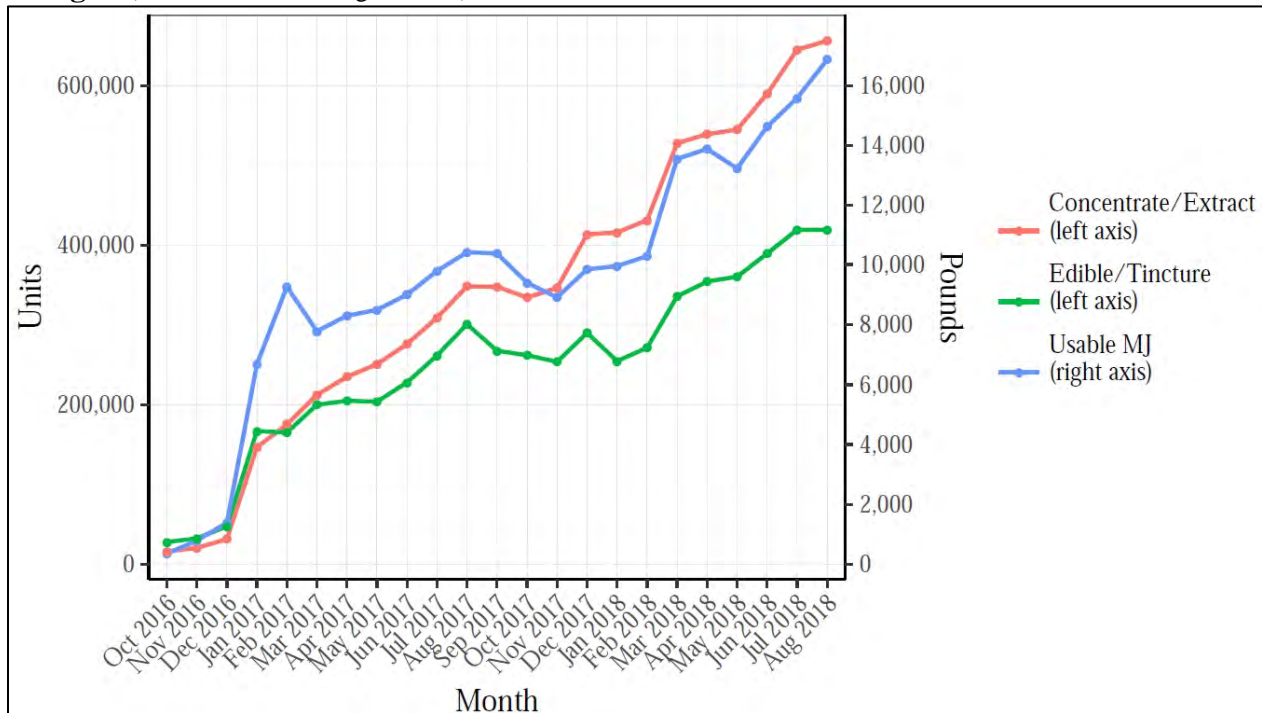
Most dollars generated by recreational marijuana sales are from usable marijuana, but also from sales of other forms of marijuana, like concentrates, extracts, edibles, and tinctures, which also continue to steadily increase sales (Figure G-2). Moreover, the total quantities of usable marijuana sold and other forms also continue to steadily increase each year (Figure G-3).

Figure G-2: Total Sales (Dollars) of OLCC-Licensed Recreational Marijuana Sold by Month by Product Type in Oregon (October 2016, to August 2018)



Source: OLCC Recreational Marijuana Program

Figure G-3: Quantity of OLCC-Licensed Marijuana Sold by Month by Product Type in Oregon (October 2016, to August 2018)



Source: OLCC Recreational Marijuana Program