

Oregon: Lane Powell Article “What Oregon Producers Need to Know Before Their Bump Arrives”

3 May 2017

Eggum writes

On April 28, 2017, the Oregon Liquor Control Commission (OLCC) approved rules allowing licensed recreational cannabis growers to also grow for Oregon Medical Marijuana Program (OMMP) cardholders. The OLCC’s authority to regulate canopy sizes, including the authority to shrink sizes, is found in ORS 475B.075(c). The rules go into effect May 1, 2017, and will meet the compliance guidelines of the federal Cole Memorandum.

This is a big and welcome development for OLCC licensed recreational cannabis growers. With agreement between the producer and cardholders, what the new Oregon rule means is that licensed recreational producers will be allowed to grow additional canopy above what their recreational grow license allows.

Under the new bump-up rules and upon cardholder consent, 25 percent of the medical yield may be sold by the producer to both OMMP dispensaries and processors. Of course, all such production and transfer of excess product must be tracked in the Cannabis Tracking System (CTS).

In order to qualify for bump-up registration, a processor must submit a control plan to the OLCC describing how the producer will segregate the medical canopy and the recreational canopy, segregate harvested usable cannabis from the medical and recreational canopies, and provide the OLCC with copies of all medical patient agreements. Here are some rules that the licensed recreational producer must bear in mind if it seeks the benefit of the bump-up registration opportunity:

- Limited to agreements with twenty-four (24) patients during any one calendar year.
- Canopy limits of 240 sq ft per patient for outdoor producers — 3,360 in total and 60 sq ft per patient for indoor producers — 840 sq ft in total. Note: the bump-up rules do not address their application to mixed-production producers.
- Transfer of excess product must be tracked in the Cannabis Tracking System (Metric).
- Limited to transferring three (3) pounds of usable cannabis to each patient named in an agreement, and each patient not named in an agreement.

- Transfers to a registered processing site or registered dispensary are limited to 25 percent of the total annual yield from the producer's medical canopy.
- Must notify the OLCC upon termination of a patient agreement.

In sum, bump-up rules allow licensed recreational producers to expand sales — with cardholder agreements — to OMMP dispensaries and processors.

This article was originally published on the Lane Powell blog [The Pipeline: Cannabis Law Advisor Blog](#). Lane Powell's [Cannabis Practice Group](#) discusses the legal issues that impact the cannabis industry, including regulatory, banking, intellectual property and investing.

About the Author

Susan K. Eggum

Susan is an employment and business litigation jury trial lawyer. She regularly tries high-stake claims to judgment in federal and state courts in a variety of matters including employee and officer/director breaches of fiduciary duty, theft of employer trade secrets, breaches of contract, breach of noncompetition agreements, as well as discrimination, harassment, retaliation and whistleblower claims.