

State laws protect against federal pot crackdown

Customer identification protected

By **PARIS ACHEN**
Capital Bureau

PORTLAND — A new state marijuana law designed to protect customers from federal prosecution is already changing the nature of sales at dispensaries.

Effective as soon as it was signed by Gov. Kate Brown in April, the law prohibits dispensaries from recording, retaining or transferring the names or other identifying information of customers who purchase marijuana.

The regulation is one of several new state laws designed to shield the cannabis industry from a potential federal crackdown on the state's legal market and to refine overall rules governing the industry.

"Changes seem to be occurring on a daily if not an hourly basis on the federal side, and I personally am very concerned that we give as much protection to Oregon citizens to ensure their personal identification information isn't compromised through some kind of federal

subpoena or some other act that a business is not going to have the fortitude or maybe the legal basis that the state would have to fight those type of requests," said state Sen. Floyd Prozanski, D-Eugene, a chief sponsor of the legislation.

The absence of customer records would hinder authorities from prosecuting customers for federal marijuana crimes.

However, from a customer service perspective, the change brought some disadvantages to retailers.

"It was nice to be able to bring up their sales history. We used to keep track of what products customers bought so if they forgot what they bought last time we could pull up a record of it," said Alex Richter, manager of Foster Buds' location on Northeast Glisan Street in Portland. "Now, we're like a bar or a convenience store. We just look at your ID to make sure you're over 21."

U.S. Attorney General Jeff Sessions has publicly disagreed with the Obama administration's acceptance of state marijuana programs, which violate federal law. In May, Sessions wrote to Congress asking it to scrap a budget amendment in effect since 2014 that effectively shields state medical



Paris Achen/Capital Bureau

Kodey Kern, assistant manager at Foster Buds, weighs some "Alpha Blue" marijuana buds at the company's location at Northeast Glisan Street in Portland Tuesday.

marijuana programs from federal prosecution.

Sessions' comments on marijuana prompted Prozanski to add an emergency clause to law, making it effective upon passage.

Avoiding backlash

Rep. Ann Lininger, D-Lake Oswego, a lawyer who co-chairs the Legislature's Joint Committee on Marijuana Regulation, said other new laws also aim at fortifying the industry against federal backlash.

Senate Bill 1057 allows recreational marijuana retailers to

quickly switch their adult-use recreational licenses to a medical-only license in case of "federal obstacles." Lininger wrote in a memo on new cannabis laws. The law assumed that Congress would continue the budget amendment, known as the Rohrabacher-Farr amendment, to prohibit the federal government from spending money to interfere with medical marijuana programs.

The bill mandates that medical cannabis producers, processors, wholesalers and medical dispensaries undergo the same stringent seed-to-sale track-

ing of products that the recreational industry has been subject to since recreational sales were legalized.

The bill also directs state regulators to create a database of anonymized medical marijuana transactions to help detect and prevent diversion of product into the illicit market.

An analysis by Oregon State Police earlier this year showed product is leaking into the illegal market.

"Anything we can do to cut off leakage... would put us in a stronger position" with the federal government, Sen. Ginny Burdick, D-Portland, co-chairwoman of the marijuana regulation committee, said in May.

House Bill 2198 gives the Oregon Liquor Control Commission additional authority to respond to applicant or licensee misconduct. Another new law allows the liquor control commission to immediately suspend any licensee who has transferred product into the illegal market. The legislation also orders the creation of a state hotline where local authorities can verify whether a grow site is registered or licensed.

One of eight

Oregon is one of eight states, plus the District of Columbia,

that has legalized recreational adult use of cannabis. Twenty-one other states have legalized medical marijuana.

Despite local efforts to protect the industry, the federal government may not need states' cooperation to enforce the federal ban.

The U.S. Department of Justice could shut down the marijuana industry through the federal courts, according to Mark Kleiman, a professor of public policy at New York University's Marron Institute of Urban Management, when he was quoted in Business Insider in February.

The federal government would only need to obtain copies of marijuana license applicants and seek an injunction against the applicants from selling cannabis, Kleiman has said.

Such a shutdown would likely revive Oregon's illegal market, wipe out 12,500 jobs and drain state coffers of a projected \$105 million in annual recreational marijuana tax revenue, used to support public education and services, Lininger said.

The Capital Bureau is a collaboration between EO Media Group and Pamplin Media Group.

Purple Moon Boutique owner says goodbye

Pot retailer interested in Hemlock store

By **BRENNA VISSER**
The Daily Astorian

CANNON BEACH — The Purple Moon Boutique has plans to move out of its location on Hemlock Street, with the possibility of a marijuana dispensary taking its place.

The women's clothing store has been operating at 215 N. Hemlock Street for 14 years. Store owner Abbas Atwi said he put his business up for sale a couple of months ago and is moving with his family to Portland.

"We have been here 14 years, and, like anything in life, there are pros and cons to living here," Atwi said. "I think it is time for a new venture for us."

For now, Atwi does not have a solid closing date in mind, but he does have three potential buyers interested in his store. Two of the parties are interested in buying the lease with the intent to keep running it as Purple Moon Boutique, he said. The third is Oregrown Industries, a Bend-based marijuana dispensary.

The Design Review Board approved Oregrown's request to modify signage, door color and window display restrictions.

City Planner Mark Barnes said he has not received permit requests from anyone else for this location.



Brenna Visser/The Daily Astorian
Purple Moon Boutique owner to sell his shop after 14 years in Cannon Beach.

Atwi said he and the owner of the building, Gene Cope, are communicating with all interested buyers and will jointly make a decision on who is awarded the space. If the dispensary is awarded the lease, the owners will still need approval from the Oregon Liquor Control Commission and a city business license to open.

Oregrown Industries is one of three dispensaries that have submitted land use applications to the city since the town voted to approve retail marijuana within city limits last November. The Portland-based, recreational dispensary Five Zero Trees has plans to move into the former location of the home goods store Fruffels at 140 S. Hemlock St. within the next couple of months. One application will be heard by the Design Review Board in August about plans to open a marijuana dispensary at 3115 S. Hemlock St.

Co-owners Kevin Hogan and Hunter Neubauer of Oregrown Industries said they wanted to expand their business to Cannon Beach because of its natural beauty, which fits

in with the company's Oregon outdoors, lifestyle brand.

"Cannon Beach is such an iconic Oregon destination," Neubauer said.

The two started their flagship store in Bend 3 1/2 years ago. Hogan said their No. 1 priority is to go through all proper channels and to make sure, if the store is approved, it will fit in with the aesthetic and the culture of the town.

"We like to do things the right way," Hogan said. "That's what made us successful."

Until the decision is made, Atwi said to expect business as usual.

"We're still Purple Moon until otherwise," Atwi said. "I'm not opening another Purple Moon for sure, but I haven't decided what my next venture will be."

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State hikes individual, business health premiums

By **CLAIRE WITCOMBE**
Capital Bureau

SALEM — Oregonians and small businesses buying their health insurance on the individual and small group markets can generally expect to see rate increases next year.

The Oregon Department of Consumer and Business Services released its annual rate decisions Thursday, as uncertainty around health care policy looms on the state and federal levels.

On the individual market, the changes announced Thursday range from an average 1.6 percent dip for BridgeSpan Health Co. to an average 14.8 percent increase for the Kaiser Foundation Health Plan of the Northwest.

For small businesses, the average changes range from increases of 3.3 to 10.1 percent.

The state uses a variety of criteria to make rate decisions, and multiple factors, including legal uncertainty surrounding the fate of the federal Afford-

able Care Act and the escalating cost of providing insurance, have led to increases in costs.

But the Department of Consumer and Business Services says that the rates would be, on average, 6 percent higher if not for the reinsurance program created by the Legislature this year, which it says "will add additional stability and predictability in the market."

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