

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 663 – A16**Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***

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Measure Description:

Requires retail businesses selling tobacco products or inhalant delivery systems to be licensed by the Department of Revenue.

Government Unit(s) Affected:

Department of Revenue (DOR), Oregon Health Authority (OHA), Cities

Summary of Expenditure Impact:

See Analysis below

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

The bill requires retail businesses selling tobacco products or inhalant delivery systems (vaping products) to be licensed by the Department of Revenue (DOR). The bill specifies terms and qualifications for licensure and provides an exemption for medical marijuana facilities. The bill also restricts local government authority to adopt ordinances regarding such licensure. DOR is granted fee authority to generate sufficient revenue to fund the work they are required to perform under the bill. The measure also requires DOR to maintain a database of information regarding such licenses and is required to enter into an agreement with the Oregon Health Authority (OHA) to share information necessary to enforce the provisions of the bill. The measure also grants DOR civil penalty authority and authorizes the agency to revoke, suspend, or refuse to renew a license for specified violations.

The Oregon Health Authority (OHA) is specifically given authority to conduct inspections of businesses that engage in the sale of tobacco products or inhalant delivery systems or to enter into agreements with state or federal agencies to conduct such inspections. OHA is granted fee authority for their inspection work and civil penalty authority for violations, as specified in the bill. Amounts collected by OHA will be deposited in the Oregon Health Authority Fund to be used to cover their costs for the work they are required to perform under the bill.

DOR and OHA are authorized to begin taking actions in 2015-17, as necessary. DOR is assuming that they will incur costs of approximately \$40,000 in the first biennium, which will be reduced to slightly under \$30,000 in future biennia. These costs would be covered by revenue collected from licensees. The agency does note that there is likely a one-time cost to implement technology system changes; however, the cost could be anywhere from minimal, if the work can be incorporated as an enhancement to the current core systems replacement project, up to \$350,000, if it is determined to change the scope of the project. At this time, OHA believes the measure does not create a fiscal impact for the agency and the work can be absorbed within the normal course of business; however, there are a number of factors which are indeterminate that could result in additional costs, including the number of inhalant delivery system retailers in Oregon. It should also be noted that the local government preemption provision in the bill may create an indeterminate fiscal impact to a local government that is relying on revenue from business licenses that will be affected by the provision.