

FISCAL IMPACT OF PROPOSED LEGISLATION

78th Oregon Legislative Assembly – 2016 Regular Session
Legislative Fiscal Office

Measure: SB 1559 - A13

***Only Impacts on Original or Engrossed
Versions are Considered Official***

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Date: February 24, 2016

Measure Description:

Requires, on and after January 1, 2017, persons selling tobacco products or inhalant delivery systems in this state to be licensed by Department of Revenue.

Government Unit(s) Affected:

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

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 qualified entities selling tobacco products or inhalant delivery systems to be licensed by the Department of Revenue (DOR) beginning January 1, 2017. The measure provides that DOR is to establish license fees at a rate that covers their own costs for administering the program and the costs of the Oregon Health Authority (OHA), which is the agency responsible for performing inspections, as well for as providing education and outreach. The measure further specifies that the license fee cannot exceed \$300 for retailers that are selling subject products on or before January 1, 2017, but repeals this cap on February 1, 2017. DOR would be required to report each year to the Legislature on the amount of the license fees, including demonstrating that the fees are reasonably calculated to cover costs of the program. The measure also specifies how the licensing process, including revocations and appeals, shall be operated and provides that DOR and OHA shall enter into an agreement regarding information sharing. In addition, the bill preempts cities and counties from adopting ordinances as specified.

DOR anticipates collecting sufficient fee revenue to cover their own costs, estimated at \$56,946 in 2015-17 and \$61,561 in 2017-19, as well as the costs incurred by OHA, which are described below. DOR has adequate Other Funds expenditure limitation for these costs and does not anticipate needing additional staff to manage the workload associated with the new program.

OHA anticipates costs of \$742,267 Other Funds in 2015-17, primarily to cover the costs of 11 positions (3.29 FTE). As these positions are fully phased in the costs grow to \$2,079,557 Other Funds in 2017-19, covering 12 positions (11.00 FE). Most of the staff will be compliance specialists to conduct inspections.

Other agencies potentially impacted by the measure indicate that they expect only minimal costs to be incurred should the bill become law.