

FISCAL IMPACT OF PROPOSED LEGISLATION

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

Measure: HB 4014 - A

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

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Measure Description:

Makes changes to laws regulating production, processing, sale, use and governance of cannabis.

Government Unit(s) Affected:

Counties, Cities, Department of Agriculture, Oregon Health Authority (OHA), Oregon Liquor Control Commission (OLCC), 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:

HB 4014-A makes a number of changes to laws relating to recreational and medical marijuana.

Provisions of the bill include the following:

- Repeals the two year residency requirement for marijuana producers, wholesalers, processors, and retailers;
- Requires OLCC to minimize barriers and, to the extent practicable, expand transportation options in order to assist the viability of marijuana producers that are limited in size and revenue;
- Allows OHA medical marijuana registrants to transfer their inventory into the OLCC system if they become Oregon Liquor Control Commission (OLCC) licensees;
- Exempts certain information submitted by an OLCC license applicant from public disclosure;
- Prohibits a retailer from discounting or offering for free marijuana items under specified conditions;
- Requires the Oregon Health Authority (OHA) to issue a receipt to medical marijuana registry applicants on the same day that an application is received and to approve or deny a medical marijuana registry applicant within 30 days of receipt of the application;
- Allows medical marijuana growers to enter into agreements to provide marijuana from their existing plant counts to multiple medical marijuana cardholders;
- Allows for agreements with federally recognized Indian tribes to allow for both coordination of marijuana-related businesses and cross-jurisdictional enforcement of tribal lands;
- Amends criminal penalties relating to marijuana crimes and makes consumption of marijuana in a vehicle while on a highway a Class B traffic violation.
- Authorizes cities and counties to repeal ordinances prohibiting marijuana establishments;
- Specifies that conditions of supervision of medical marijuana cardholders released from incarceration must be the same as those related to prescription drugs;
- Extends the availability of a series of tax deductions on total state income to marijuana businesses;
- Requires OHA to convene a work group to develop recommendations on clinical guidelines for physicians who prescribe marijuana;
- Requires OHA, with the assistance of OLCC, to implement a youth marijuana-use prevention pilot program; and

- Specifies reports that must be made by OLCC and OHA to the Legislature by January 1, 2017.

OLCC anticipates that costs in the amount of \$311,386 Other Funds will be incurred in the 2015-17 biennium. These costs roll up to \$354,579 in 2017-19 and are largely attributable to the addition of three positions (two regulatory specialists and one half-time administrative specialist) and the associated services and supplies. The total amount also includes \$50,000 which would be dedicated to youth outreach activities; however, those funds may not be needed if funding is provided to OHA for these purposes. If OLCC costs for the measure are covered by the liquor fund, that fund will need to be reimbursed as revenue is generated by marijuana program license fees or tax revenue.

OHA estimates that they will incur \$3,897,177 General Fund and \$328,365 Other Funds for a total of \$4,225,542 in costs in 2015-17 to implement the measure. The Total Funds cost increases to \$6,965,594 in 2017-19, with the General Fund comprising \$5,638,292 of that total amount. Almost \$4 million of the 2015-17 Total Funds cost is for development of the pilot youth prevention program. The 2017-19 costs anticipates a statewide implementation of such a program. OHA also anticipates needing 2 positions (1.00 FTE) for the pilot program in 2015-17 and 2 positions (1.50 FTE) in 2017-19. The remainder of the costs for both 2015-17 and 2017-19 are related to the increased workload to issue receipts to medical marijuana registry applicants on the same day that they are received. OHA anticipates needing 5 positions (1.65 FTE) in 2015-17 to get that work done, but due to anticipated automation, expects that they will only need 2 positions (1.00 FTE) in 2017-19 for that purpose. The agency will need 9 part-time positions (2.25 FTE) in 2017-19 for technology development, but it is anticipated that those positions would not be needed in the future. It should be noted that if the liquor fund were used to cover the costs for the pilot program rather than General Fund, those funds would add to the amount that would need to be reimbursed to the liquor fund as revenue is generated by marijuana program license fees or tax revenue.

At this time, other agencies, as well as local governments, that are potentially impacted by the bill are expected to incur minimal or no costs. It is possible that changes relating to criminal penalties included in the bill could result in some increased workload and costs for police and judicial agencies.