

**FISCAL IMPACT OF PROPOSED LEGISLATION**

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

**Measure: SB 1559 - A**

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

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**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), Oregon Liquor Control Commission (OLCC), 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 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 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 provides further specification on 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.

The measure has a minimal fiscal impact on DOR as current tobacco and other tobacco product staff can absorb the workload. However, the agency will collect 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.

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.