

FISCAL IMPACT OF PROPOSED LEGISLATION

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

Measure: SB 1598 - A

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

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Measure Description:

Exempts certain applicants for license to produce marijuana from requirement that land use compatibility statement be obtained. Makes other changes to marijuana programs.

Government Unit(s) Affected:

Cities, Counties, Oregon Health Authority (OHA), Oregon Liquor Control Commission (OLCC)

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:

SB 1598-A makes a number of changes to laws regarding marijuana and marijuana products, including the following:

- Exempts persons responsible for a marijuana grow site from acquiring a land use compatibility statement under specified conditions.
- Authorizes the Oregon Health Authority (OHA) and the Oregon Liquor Control Commission (OLCC) to obtain and require fingerprints as specified in the measure.
- Requires OLCC to create a permitting process, which includes worker training, for producers, propagators, and processors.
- Allows processors to transfer medical marijuana product to a registry card holder or primary caregiver if the registry cardholder or primary caregiver provides the marijuana.
- Allows a person designated to produce marijuana by a registry cardholder to delegate their reporting duties to another person designated to produce marijuana by a registry cardholder if the grow sites are located at the same address.
- Creates a new category of dispensary, a non-profit dispensary, which, under rules to be adopted by OHA, would be allowed to receive gifts or bequests of marijuana and to provide marijuana products free of charge or at a discounted price to a registry cardholder who is at or below the federal poverty level.
- Requires OHA to solicit proposals to conduct research for the purpose of developing public health and safety standard for consumers of marijuana and marijuana-derived products.
- Repeals sections 16, 17, and 18 of SB 1511-A if it becomes law, which would remove the tax relief from registry cardholders and designated caregivers, and sections 26, 27, 28, 28a, 29, and 67 of HB 4014-A if it becomes law, which provides for the taxation of marijuana and marijuana products. Those subjects are now addressed in SB 1601.

OHA notes that if HB1511-A becomes law and sections 16, 17, 18 are repealed, and if SB 1601 does not become law, there would be no incentive for a medical marijuana registry cardholder to continue to pay \$200 a year for a card if they have to pay taxes. The Medical Marijuana Program currently has over 77,000 cardholders and it is believed that many would move to become retail-only customers. In addition to a potential loss of revenue, OHA anticipates incurring some costs for issuing proposals and

conducting research on public health and safety standards for marijuana use, but the amount is indeterminate at this time.

OLCC estimates costs of \$350,665 Other Funds in 2015-17 and \$428,820 Other Funds in 2017-19, primarily associated with the increased number of workers in the marijuana industry that will require permits, background checks, and associated worker training. The agency anticipates hiring three more administrative specialists (1.50 FTE) to manage the additional workload and will also incur some system costs to add new permit types to the online licensing system that is being created.

Counties and cities note that there may be some minor expenses related to local ordinances and enforcement. It is anticipated that such costs will likely be minimal.