

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 2198 - 17**

79th Oregon Legislative Assembly – 2017 Regular Session  
Legislative Fiscal Office

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

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**Measure Description:**

Establishes the Oregon Cannabis Commission within the Oregon Health Authority.

**Government Unit(s) Affected:**

Oregon Health Authority (OHA), Oregon Liquor Control Commission (OLCC), Oregon Judicial Department (OJD), Department of Public Safety Standards and Training (DPSST)

**Analysis:**

House Bill 2198 with the -17 amendment:

- Establishes the nine-member Oregon Cannabis Commission (OCC) within the Oregon Health Authority (OHA). The bill specifies the membership and term of office for each member. OHA is directed to provide staff support for the Commission. The bill charges the Commission with determining the possible framework for the future governance of the Oregon Medical Marijuana Program. The Commission is required to report its findings and recommendations to the Legislature by December 15, 2017. In addition, the Oregon Cannabis Commission is required to provide advice to the Oregon Liquor Control Commission (OLCC) regarding medical marijuana.
- Allows marijuana grow sites to transfer up to 20 pounds of usable marijuana per year to a recreational marijuana processor or wholesaler if: (1) the transfer is tracked by METRC Cannabis Tracking System; (2) is coming from a grow site with more than 12 plants; (3) the usable marijuana was assigned to the person responsible for the grow site by the Oregon Medical Marijuana Program (OMMP) patient; (4) the marijuana was tested; and (5) the grow site was registered with OHA prior to the effective date of the act.
- Authorizes OLCC to issue an order to temporarily reduce or suspend the amount of marijuana that can be transferred into the recreational market by OMMP growers if supply exceeds customer demand and if the market will not self-correct.
- Clarifies the powers of an OMMP caregiver.
- Permits OLCC to issue restricted licenses and require mandatory training for licensees or licensee representative if it makes certain findings against the licensee or applicant.
- Limits mature marijuana plants allowable at an address not registered as a marijuana grow site at six, if there is one OMMP patient at the address, ten if there is one OMMP patient and at least one more person above the age of 21 at the address, and twelve if there are two OMMP patients at the address. The number of immature marijuana plants at or more than 24 inches tall would be limited to two for every one mature marijuana plant.
- Prohibits OHA and OLCC from requiring a marijuana grow site to use a security system.
- Permits marijuana retailers to be placed within 1,000 feet of a school if they are not located within 500 feet of a school and the OLCC determines there is a physical or geographic barrier preventing children from accessing the marijuana retailer.
- Establishes when evidence of a violation of medical marijuana laws at a primary residence is admissible at civil or criminal proceedings.

Oregon Health Authority (OHA)

	<b>2017-19 Biennium</b>	<b>2019-21 Biennium</b>
Personal Services	\$230,475	\$230,475
Services and Supplies	120,645	120,645
<b>Total General Fund</b>	<b>\$351,120</b>	<b>\$351,120</b>
Positions	2	2
FTE	1.50	1.50

In order to support the Oregon Cannabis Commission, the Oregon Medical Marijuana Program (OMMP) within OHA anticipates establishing two positions:

- One Operations & Policy Analyst 1 position (1.00 FTE) to attend all meetings, assist with report writing, research, and the development of the strategic plans for cannabis availability as therapeutic options, involved in the research of cannabis.
- One Administrative Specialist 1 position (0.5 FTE) to handle all meeting arrangements, logistics, travel, minutes, report typing and support, attendance at meetings, availability for subgroups, assisting the research aspect with minutes, and support.

The services and supplies amount includes \$58,616 per biennium to cover meeting expenses including reimbursing Commission members for travel, assuming the Commission will meet an average of two times a month.

Oregon Liquor Control Commission (OLCC)

The fiscal impact of this bill on OLCC is indeterminate, and dependent on the additional number of growers that will choose to register for the METRC Cannabis Tracking System in order to take advantage of the option to transfer up to 20 pounds of usable marijuana per year to a recreational marijuana processor or wholesaler.

The Legislative Fiscal Office (LFO) notes that this number of potential new participants for the METRC Cannabis Tracking System is intricately tied to the fiscal impact of SB 1057. LFO anticipates addressing the fiscal impact of this bill along with the preliminary fiscal impact of SB 1057 in the agency's budget appropriation bill. As noted in the fiscal impact statement for SB 1057, OLCC will return to the Legislature with updated and revised licensee numbers, staffing needs, as well as corresponding expenditure and revenue estimates after the January 1, 2018 deadline by which growers, processors, and dispensaries must file an application with OLCC if they elect to fully migrate to OLCC licensure.

Oregon Judicial Department (OJD)

The fiscal impact of this measure on OJD is minimal. Any person affected by agency orders resulting from this bill would have the right to appeal to the Oregon Court of Appeals, and possibly the Oregon Supreme Court. This could result in an increase in cases in Oregon courts. However, OJD anticipates the agency can absorb this increase within existing resources.

Department of Public Safety Standards and Training (DPSST)

The fiscal impact of this measure to DPSST is minimal. Under current practice, DPSST offers a four-week Basic Academy that can be customized, using existing DPSST staff and resources, to add marijuana specific content within the existing curriculum for OLCC.