

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: SB 1015 - 4**

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:**

Defines industrial hemp concentrate and industrial hemp extract.

**Government Unit(s) Affected:**

Oregon Department of Agriculture (ODA), Oregon Liquor Control Commission (OLCC), Oregon Judicial Department (OJD)

**Analysis:**

Senate Bill 1015 with the -4 amendment defines industrial hemp concentrate and industrial hemp extract; and provides conditions under which industrial hemp producers may submit hemp to licensed marijuana processors to be made into industrial hemp concentrates and industrial hemp extracts. These conditions include: producers must be registered with OLCC and the Oregon Department of Agriculture (ODA); producers must provide test results to processors before they are received; processors must keep test results; and industrial hemp and derivatives must be tracked by the Oregon Cannabis Tracking System and the Marijuana Licensing System upon delivery and exit from processor. In addition, the bill permits processors to sell industrial hemp extracts, concentrates, or products to an OLCC licensed marijuana retailer.

Oregon Department of Agriculture (ODA)

|                           | <b>2017-19 Biennium</b> | <b>2019-21 Biennium</b> |
|---------------------------|-------------------------|-------------------------|
| Services and Supplies     | \$50,000                |                         |
| <b>Total General Fund</b> | <b>\$50,000</b>         | <b>\$0</b>              |

ODA estimates the preliminary costs of implementing this program to be \$50,000 General Fund for the 2017-19 biennium. The bill authorizes ODA to establish rules to identify other processes that are relevant to industrial hemp concentrates and industrial hemp extracts. This fiscal amount includes the costs of outreach, scientific consultation, attorney general fees, and conducting multiple rulemaking public hearings. In addition to these quantifiable costs, the cost of enforcing these new regulations for the retail sale of industrial hemp commodities are indeterminate.

Oregon Liquor Control Commission (OLCC)

Although the fiscal impact of this bill is indeterminate, depending on the number of participating industrial hemp growers, hemp handlers, and marijuana processors, the costs of implementing and enforcing the provisions of this bill will be funded by fees. The bill allows OLCC to adopt fees on growers, handlers, and processors to cover the costs of administering this program. The bill requires that the system for registering hemp growers and handlers and integrating those entities and products into the recreational marijuana system must be operational January 1, 2018. This start date of January 2018 will leave 18 months of fees payment to offset costs during the 2017-2019 biennium.

Oregon Judicial Department (OJD)

The fiscal impact of this measure to OJD is anticipated to be minimal. Any person affected by ODA and OLCC 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 cases in Oregon courts. However, OJD anticipates the agency can absorb this increase within existing resources.