

**HB 2198 A BUDGET REPORT and MEASURE SUMMARY**

**Joint Committee On Ways and Means**

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**Reviewed By:** Kim To, Legislative Fiscal Office

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**Oregon Health Authority  
2017-19**

PRELIMINARY

**Budget Summary**

	2015-17 Legislatively Approved Budget	2017-19 Current Service Level	2017-19 Committee Recommendation	Committee Change from 2015-17 Leg. Approved	
				\$ Change	% Change
General Fund	\$ -	\$ -	\$ 250,000	\$ 250,000	100.0%
Total	\$ -	\$ -	\$ 250,000	\$ 250,000	100.0%

**Position Summary**

	2015-17	2017-19 Current Service Level	2017-19 Committee Recommendation	Committee Change from 2015-17 Leg. Approved
Authorized Positions	0	0	2	2
Full-time Equivalent (FTE) positions	0.00	0.00	1.00	1.00

**Summary of Revenue Changes**

House Bill 2198 appropriates \$250,000 General Fund to the Oregon Health Authority (OHA) to support the Oregon Cannabis Commission, which the bill creates.

**Summary of Human Services Subcommittee Action**

House Bill 2198 establishes within OHA the Oregon Cannabis Commission. The commission will consist of nine members, which include the Public Health Officer or his/her designee and eight members appointed by the Governor according to specified criteria. Members of the commission are not entitled to compensation but may be reimbursed for travel expenses. The overall purpose of the commission is to determine a possible framework for the future governance of the Oregon Medical Marijuana Program (OMMP) and steps the state must take to ensure research on cannabis and cannabis-derived products is being conducted for public purposes. The bill also requires the commission to provide advice to OHA and the Oregon Liquor Control Commission (OLCC) with respect to the administration and enforcement of medical marijuana, and develop long-term strategic plans for ensuring cannabis will remain a therapeutic and affordable option for people with debilitating medical conditions. The commission must report its recommendations to the Legislature by December 15, 2017.

In order to support the commission’s responsibilities, the bill appropriates \$250,000 General Fund. This funding will support two additional positions (1.00 FTE) in OMMP within the Public Health Division: one Operations and Policy Analyst position to attend meetings and assist with the commission’s research, reporting and strategic planning requirements; and one Administrative Specialist position to support administrative functions, such as scheduling, logistics, travel, reporting and other assistance. These funds will also support related Services and Supplies costs, including travel reimbursement for commission members.

The bill also amends current law related to marijuana grow sites by allowing sites to transfer up to 20 pounds of usable marijuana per year to a recreational marijuana processor or wholesaler, if the following conditions are met: 1) the transfer is tracked by the Marijuana Enforcement Tracking Reporting Compliance (METRC) system; 2) more than 12 mature marijuana plants are produced at the marijuana grow site; 3) the usable marijuana has been assigned to the person responsible for the grow site; 4) the marijuana was tested; and 5) the grow site was registered with OHA prior to the effective date of the act. The bill authorizes OLCC to issue an order temporarily reducing the amount of usable marijuana that can be transferred, if the supply of marijuana items offered for sale by licensed marijuana retailers exceeds consumer demand and OLCC determines the market will not self-correct for the excess supply. OLCC must monitor the lawful transfer of usable marijuana to determine whether state laws allow for the additional transfer of marijuana by a grow site; the commission must submit findings and recommendations to the Legislature by September 15, 2018. The bill also makes several other changes, including: prohibiting OHA and OLCC from requiring a grow site to use a security system; outlining the evidence allowed to establish an address where a marijuana grow site is located; amending the limitation on the number of plants allowable at an address not registered as a marijuana grow site; and permitting marijuana retailers to be placed within 1,000 feet of a school, if they are not located within 500 feet of a school and OLCC determines there is a physical or geographic barrier.

The budgetary impact on OHA and OLCC, of the provisions un-related to the Oregon Cannabis Commission, is currently indeterminate. The potential impact depends on the following: 1) the additional number of medical growers choosing to register for the METRC system by opting to transfer up to 20 pounds of marijuana per year; and 2) whether these medical growers elect to remain with OHA medical licensure as opposed to fully migrating to OLCC licensure. These variables are also tied to the fiscal impact of Senate Bill 1057, which directs OHA to enter into an agreement with OLCC to track marijuana plants and products produced in the medical marijuana system and allows OHA to charge a fee to support the tracking system. It is anticipated OHA and OLCC will return to the Legislature with updated licensee numbers, staffing needs and corresponding expenditure and revenue estimates after the January 1, 2018 deadline in Senate Bill 1057, by which growers, processors and dispensaries must file an application with OLCC, if they elect to fully migrate to OLCC licensure.

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

Oregon Health Authority  
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DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u>									
<b>SCR 030-05 - Public Health Division</b>									
Personal Services	\$ 187,631	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 187,631	2	1.00
Services and Supplies	\$ 62,369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,369		
TOTAL ADJUSTMENTS	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	2	1.00
SUBCOMMITTEE RECOMMENDATION	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	2	1.00