

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 1544 - A20

79th Oregon Legislative Assembly – 2018 Regular Session
Legislative Fiscal Office*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Establishes the Illegal Marijuana Market Enforcement Grant Program.

Government Unit(s) Affected:

Criminal Justice Commission (CJC), Oregon Liquor Control Commission (OLCC), Oregon Department of Agriculture (ODA), Department of Revenue (DOR), Department of Justice (DOJ), Oregon Judicial Department (OJD), Oregon Health Authority (OHA)

Summary of Expenditure Impact:

Costs related to the measure may require budgetary action - See analysis.

	2017-19 Biennium	2019-21 Biennium
Criminal Justice Commission (CJC)		
Personal Services	\$123,277	\$227,589
Services & Supplies	22,623	36,688
Special Payments - Grants	1,354,100	2,735,723
Total Other Funds	\$1,500,000	\$3,000,000
Positions	1	1
FTE	0.54	1.00
Oregon Liquor Control Commission (OLCC)		
Personal Services	\$251,685	\$464,649
Services & Supplies	349,008	386,880
Total Other Funds	\$600,693	\$851,529
Positions	3	3
FTE	1.63	3.00
TOTAL FUNDS	\$2,100,693	\$3,851,529
Positions	4	4
FTE	2.17	4.00

Analysis:

SB 1544 with the -A20 amendment suspends, from July 1, 2018 to January 2, 2024, statutory requirements that the Department of Revenue (DOR) first distribute no more than \$1.25 million quarterly from the Marijuana Account to the Oregon Liquor Control Commission (OLCC) to pay OLCC's administrative, inspection, and investigatory costs before making any other distributions from the Account. Instead, starting July 1, 2018, and until October 1, 2023, DOR must distribute quarterly from the Marijuana Account \$875,000 to OLCC for deposit in its Marijuana Control and Regulation Fund and \$375,000 to the Criminal Justice Commission (CJC) for deposit in the Illegal Marijuana Market Enforcement Grant Program (IMMEGP) Fund. The bill establishes the Illegal Marijuana Market Enforcement Grant Program. CJC is responsible for implementing and administering the grant

program to assist cities and counties with the costs incurred by law enforcement agencies and district attorneys in enforcement efforts against illegal grows and distribution operations. The IMMEGP sunsets on January 2, 2024. Unexpended and unobligated funds remaining in the IMMEGP Fund are to be transferred and deposited in the Marijuana Control and Regulation Fund. In addition, the bill:

- Allows a local government that has entered into an agreement with the state for the collection, enforcement, administration, and distribution of local taxes on marijuana retailers to disclose payment distribution amounts.
- Allows an OLCC-licensed producer who is registered with OLCC to produce medical marijuana to provide immature plants to a person responsible for a medical marijuana grow site registered with the Oregon Health Authority (OHA), a medical marijuana cardholder, or a primary caregiver of a cardholder.
- Requires that medical-grade marijuana products supplied for a fee by a licensed processor registered with OLCC meet certain concentration standards. Exempts these products from certain labeling and packaging requirements and standards.
- Requires a medical marijuana grow site with a physical postal address to state that address in its application for registration. A grow site lacking a physical postal address must provide assessor's map information, city, county, zip code, and either geolocation information or the tax lot number with its application for registration.
- Increases, from four to eight, the number of cardholders for whom a registered grow site may produce medical marijuana and directs OHA to prescribe by rule the number of immature plants under 24 inches tall that may be grown by persons and at sites.
- Exempts grow sites that grow for no more than two medical cardholders from the Oregon Cannabis Tracking System (OCaTS).
- Provides that a registered grow site producing for cardholders is not to be considered a commercial grow site solely because it is in the tracking system.
- Extends the timeframe in which the Oregon Cannabis Commission must make certain determinations and recommendations to the legislature.
- Allows marijuana retailers and medical dispensaries established before August 1, 2017 to be located within 1,000 feet of a school.
- Specifies new labeling requirements for products sold by licensed marijuana retailers that are derived from industrial hemp and that contain more than 0.3 % tetrahydrocannabinol (THC). Defines any industrial hemp product with a THC content of greater than .3% as marijuana and requires destruction or sale through a recreational marijuana retailer.

Criminal Justice Commission (CJC)

CJC estimates the administrative costs of the grant program to be \$145,900 Other Funds, 1 position and 0.54 FTE for the 2017-19 biennium; and \$264,277 Other Funds, 1 position and 1.00 FTE for the 2019-21 biennium. These amounts reflect Personal Services and related Services & Supplies for one Operations and Analyst 4 position to work with existing staff to spearhead the development, implementation, and administration of the Illegal Marijuana Market Enforcement Grant Program. This position will be responsible for working with stakeholders, overseeing rulemaking, designing the application process, establishing review requirements, performing outreach to cities and counties, and contract management. Existing staff will absorb application development in the agency's grant administration software. This fiscal analysis anticipates that \$1,354,100 will be available for grants during the 2017-19 biennium, and \$2,735,723 will be available during the 2019-21 biennium.

Oregon Liquor Control Commission (OLCC)

OLCC estimates the fiscal impact of this bill to be \$600,693 Other Funds, 3 positions, 1.63 FTE for the 2017-19 biennium; and \$851,529 Other Funds, 3 positions, 3.00 FTE for the 2019-21 biennium. These amounts reflect the Personal Services and related Services & Supplies for three Marijuana Regulatory Specialist positions. The bill exempts grow sites that grow for no more than two medical cardholders from the Oregon Cannabis Tracking System (OCaTS). Therefore, with passage of this bill, grow sites growing for more than 2 medical marijuana cardholders, must enroll into the cannabis tracking system. OLCC predicts this provision could add an estimated

378 new medical marijuana grow sites to the Oregon Cannabis Tracking System (OCaTS). The three Marijuana Regulatory Specialist positions will address this anticipated tracking and inspection workload increase. The Services & Supplies amount for the 2017-19 biennium includes one-time costs for training, vehicle, and tactical equipment for regulatory specialists, and \$181,440 cannabis tracking system (OCaTS) expenses.

Oregon Department of Agriculture (ODA), Department of Revenue (DOR), Department of Justice (DOJ), Oregon Judicial Department (OJD), Oregon Health Authority (OHA)

Passage of this bill is anticipated to have minimal impact on ODA, DOJ, OJD, and OHA.