

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 3436

80th Oregon Legislative Assembly – 2019 Regular Session
Legislative Fiscal Office

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

Prepared by: Michael Graham
Reviewed by: Tom MacDonald, Gregory Jolivet
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Measure Description:

Prohibits person from mailing or shipping cigars or inhalant delivery system without meeting certain requirements.

Government Unit(s) Affected:

Oregon Judicial Department (OJD), Oregon Health Authority (OHA)

Summary of Fiscal Impact:

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

Analysis:

The measure would require any person who sells, offers to sell, gives or otherwise provides a cigar or inhalant delivery system to verify that the prospective consumer is at least 21 years of age. The seller would be required to perform an age verification through an independent, third-party verification service, obtain a written certification from the prospective consumer, provide the prospective consumer a written notification, and receive payment through specified means for online (Internet) sales. The Oregon Health Authority (OHA) would be permitted to adopt administrative rules and impose civil penalties to enforce the measure. The measure would take effect 91 days after the Legislative Assembly adjourns *sine die* and become operative on January 1, 2020.

Oregon Judicial Department

The Oregon Judicial Department estimates that the measure may result in a small number of appeals of civil penalties imposed, under the Oregon Administrative Procedures Act. However, because these appeals would increase case filings in the Oregon Court of Appeals by a small number, the fiscal impact to the Oregon Judicial Department would be minimal.

Oregon Health Authority

The OHA Public Health Division (PHD) does not plan to adopt rules or establish a program to enforce civil penalties for violations of the measure. The PHD thus does not intend to request services from the OHA Office of Information Services (OIS). For that reason, OHA has determined that the measure would have no fiscal impact on its operations.

However, if PHD were to adopt rules or establish a program to enforce civil penalties for violations of the measure, OIS would need to develop and create a database and a web application to allow for cigar or inhalant delivery system shipment violations to be recorded and tracked. OIS would also need to allow for inspections and violations to be guided through defined workflows, possibly resulting in civil penalties. Assuming PHD were to adopt rules or establish a program to enforce civil penalties for violations of the measure, OIS would charge PHD for the costs setting up this regulatory infrastructure. The estimated cost to PHD would be \$151,900 General Fund. These would be one-time costs to hire a third-party contractor to develop and create a database and a web application to allow for cigar or inhalant delivery system shipment violations to be recorded and tracked.

Assuming PHD were to adopt rules or establish a program to enforce civil penalties, the measure would have a fiscal impact to OHA, in which case OHA would need to return to the Emergency Board or a subsequent legislative session to request additional resources. However, because OHA does not intend to adopt rules or establish a program to enforce civil penalties for violations of the measure, there is currently no fiscal impact to OHA.