

FISCAL IMPACT OF PROPOSED LEGISLATION

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

Measure: HB 3211 - A

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

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Measure Description:

Directs State Department of Agriculture to advance design of cannabis business certification program.

Government Unit(s) Affected:

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

Analysis:

This fiscal impact statement is for the purpose of transmitting the measure from the House Committee on Economic Development to the Joint Committee on Ways and Means. The legislation directs the Department of Agriculture (ODA) to create standards for a cannabis certification program and identify pilot sites. The certification program must promote energy and water efficiency and address air quality, light, noise and odor pollution. The Oregon Liquor Control Commission must allocate \$300,000 from the Marijuana Control and Regulation Fund to ODA for implementation of the certification program and pilot sites.

Further analysis is required to determine the programmatic and budgetary scope of the certification program; these factors will influence a determination if the existing ODA Cannabis Coordinator position has the capacity to create standards for the certification program or if contracting with a third-party vendor is more cost effective. Regardless of if the certification program is developed with existing personnel or if a third- party vendor is selected, ODA will incur rulemaking costs which will vary based on the scope of the certification program. Fiscal estimates associated with the identification of pilot sites could also vary significantly as the size and scale of such sites are not specified by the legislation and will be left largely to ODA to determine.

Preliminary estimates indicate that OLCC may need to raise fees on marijuana grow sites, marijuana processing sites, and dispensaries to cover the costs of allocations from the Marijuana Control and Regulation Fund. If a fee increase is deemed necessary, modifications to the licensing formulary and payment system are estimated at a one-time cost to OLCC of roughly \$24,000 for the NIC USA contracted vendor adjustments. Workload associated with the accounting and distribution of the funds to ODA is anticipated to be minimal and absorbable within existing budgetary parameters, however it is unclear if the \$300,000 allocation is one-time or ongoing.

Further Analysis Required

A more complete fiscal analysis on the measure will be prepared as the measure is considered in the Joint Committee on Ways and Means.