

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 4156

80th Oregon Legislative Assembly – 2020 Regular Session
Legislative Fiscal Office

*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)

Summary of Fiscal Impact:

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

Summary of Expenditure Impact:

Agency -- Fund Type	2019-21 Biennium	2021-23 Biennium
Department of Agriculture -- Other Funds	\$300,000	--

Analysis:

HB 4156 directs the Oregon Department of Agriculture (ODA) to advance the design of standards and identification of pilot sites to implement a cannabis business certification program. The measure requires the program to incentivize efficient water and energy use in cultivation and provides that ODA may contract with a third-party nonprofit to implement this measure. The measure directs the Oregon Liquor Control Commission (OLCC) to make a one-time allocation of \$300,000 to ODA from the Marijuana Control and Regulation Fund during the 2019-21 biennium to fund implementation of this measure.

The fiscal impact is indeterminate. While the measure provides a \$300,000 Other Funds allocation from OLCC to ODA, the measure does not outline specific requirements for the certification program’s scope, the desired outcomes, or provide an implementation timeline, which makes it difficult to determine the actual fiscal impact for ODA, and the level of funding that may be necessary to effectively implement the cannabis business certification program. The Legislative Fiscal Office notes that costs of setting up this new program may be higher than the amount currently allocated, for which there is no identifiable funding and that, whether ODA contracts with a third-party or implements the measure themselves, it is unlikely that this program can be fully implemented within the 2019-21 biennium based on a July 1, 2020 effective date.

Licensing fee revenue in the 2019-21 biennium is sufficient to accommodate this revenue transfer from OLCC recreational marijuana program licensees to ODA.

This measure is referred to the Joint Committee on Ways and Means by prior reference. The measure requires referral in order to modify expenditure limitations for the impacted agencies.