

Legislative Fiscal Office

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Joint Committee on Ways and Means

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Rep. Greg Smith, House Co-Vice Chair

To: Human Services Subcommittee

From: Tom MacDonald, Legislative Fiscal Office

Date: February 21, 2020

Subject: SB 1577 – Relating to public health
Work Session Recommendations

Senate Bill 1577 prohibits the retail sale of tobacco products or inhalant delivery systems at premises not licensed by the Department of Revenue (DOR), with exclusions. The measure requires DOR to issue and annually renew licenses for the retail sale of these products and authorizes the department to establish fees and impose civil penalties.

The Oregon Health Authority (OHA) is required to establish fees to enforce the regulation of tobacco products and inhalant delivery systems. Through an inter-agency agreement, the measure specifies DOR will collect this revenue from retailers on OHA's behalf consistent with the timeline of collecting the DOR licensure revenue; DOR will then transfer OHA's fee revenue to the agency. OHA is also authorized to impose civil penalties.

Upon entering into an agreement with OHA, the bill authorizes local public health authorities (LPHAs) to enforce the standards of regulating tobacco products and inhalant delivery systems and to establish fees to cover their costs. Similar to the transfer of OHA fee revenue, LPHAs choosing to enforce these standards and collect fees must enter into an intergovernmental agreement with DOR under which DOR collects the fees and transfers the fee revenue to the LPHA. The measure requires OHA to establish a database to collect information from LPHAs and the public regarding the regulation of the retail sale of tobacco products and inhalant delivery systems. OHA must also provide technical assistance to LPHAs.

The estimated fiscal impact for DOR is \$553,169 Other Funds and five positions (2.50 FTE) in 2019-21. These positions represent the staff necessary to carry out the licensing and compliance responsibilities under the bill. LFO anticipates the fiscal impact for OHA to be \$624,266 Other Funds and 12 positions (3.77 FTE). The positions will support retail compliance inspections, provide technical assistance to LPHAs, assess program effectivities, and conduct program outreach and policy work.

The -A13 amendment prohibits a city or LPHA from adopting an ordinance that prohibits a retailer from selling tobacco products or inhalant delivery systems at the same location as a pharmacy unless such ordinance was in place as of the effective date of the bill. The amendment also establishes the expenditure limitations associated with the anticipated fiscal impact, amends language related to DOR and OHA civil penalties to ensure collections are deposited to the General Fund, and makes a technical adjustment related to the suspense account used for DOR licensing and civil penalty collections.

Recommended Amendments

LFO recommends adoption of the -A13 amendment.

MOTION: I move adoption of the -A13 amendment to SB 1577 (VOTE)

Final Subcommittee Action

LFO recommends that SB 1577, as amended by the -A13 amendment, be moved to the Ways and Means Full Committee.

MOTION: I move SB 1577, as amended, to the Full Committee with a do pass recommendation. (VOTE)

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____