

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 1561 - A

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 develop Oregon Hemp Plan for establishment of Oregon Hemp Program for commercial production and sale of hemp.

Government Unit(s) Affected:

Oregon Health Authority (OHA), Department of Corrections (DOC), District Attorneys and their Deputies (DAs), Oregon Medical Board (OMB), Oregon Liquor Control Commission (OLCC), Oregon Board of Dentistry (OBD), Oregon Department of Agriculture (ODA), Oregon Judicial Department (OJD), Oregon Board of Naturopathic Medicine (OBNM), Department of Justice (DOJ), Public Defense Services Commission (PDSC), Oregon State Board of Nursing (OSBN)

Summary of Fiscal Impact:

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

Summary of Expenditure Impact:

	2019-21 Biennium	2021-23 Biennium
Department of Agriculture - Other Funds	\$647,883	\$860,293
Oregon Liquor Control Commission - Other Funds	\$0	\$187,322
Total Funds	\$647,883	\$1,047,615
Department of Agriculture - Positions	4	4
Oregon Liquor Control Commission - Positions		1
Positions	4	5
FTE	2.52	5.00

Analysis:

SB 1561 - A creates the Oregon Hemp State Program in the Oregon Department of Agriculture (ODA). The new State Program replaces the current hemp registration program at ODA. The bill updates the statutes to reflect federal law changes, including replacing the term “industrial hemp” with the term “hemp” and changing the definition of hemp. ODA must adopt rules and implement a hemp program approved by the United State Department of Agriculture (USDA). ODA will conduct background checks and license hemp growers, and may charge fees to cover the costs of administration.

This measure further modifies statutes related to cannabis offenses as well as transport of hemp.

Oregon Department of Agriculture

This bill will have a fiscal impact on ODA. ODA will submit the State Hemp Plan to the Federal Government for approval and once ODA receives approval, it will develop and adopt rules as directed by this act.

A large component of gaining Federal approval of the State Hemp Plan is to demonstrate that there is adequate staffing for the Hemp Program's administrative and enforcement functions. Initial estimates provided by ODA

include four permanent full-time positions: two Natural Resource Specialist 3's for field inspection and enforcement, an Office Specialist 2 for administrative functions such as application review, tracking, and general program support, and a Principal Executive Manager D for program oversight and coordination of statewide efforts. Additional costs include legal services, rulemaking facilitation, and one-time costs for the purchase of two vehicles. The fiscal impact to ODA for the 2019-21 biennium is anticipated to be \$672,883 Other Funds for the four positions (2.52 FTE) and associated costs. These costs roll-up to \$860,293 Other Funds 2021-23 biennium. There will also be intra-agency indirect costs each biennium which are not included in the figures above.

Funding for this program is primarily supported by hemp grower licenses, grow site fees, hemp handler licenses, and hemp seed producer licenses. The Department currently has sufficient revenue to support the additional positions, however once the State Hemp Plan is approved by the Federal Government program needs will be reevaluated.

This program is likely to require extensive legal services, which are provided to ODA by the Department of Justice (DOJ). Further analysis is needed to ensure that projections of legal services needs are consistent between DOJ and ODA. DOJ may need additional staff and will need additional Other Funds expenditure limitation for provision of legal services under this measure.

Oregon Liquor Control Commission

The Oregon Liquor Control Commission (OLCC) is directed to assess the financial impact on licensees and the state of the marijuana tracking system, and make recommendations to reduce costs and improve tracking to an interim committee of the Legislative Assembly related to economic development and marijuana no later than December 31, 2020. OLCC is also to adopt rules to develop a voluntary compliance education programs for regulated cannabis entities. This is operative January 1, 2021.

OLCC anticipates that implementation of this measure can be done with existing resources in 2019-21. For the 2021-23 biennium, OLCC anticipates that they will need to request an additional Operations and Policy Analyst 3 to coordinate training for staff and regulated entities, and to monitor implementation of this measure. The estimated cost of this position in 2021-23, including Services and Supplies, is \$187,322 Other Funds. The position will need to be requested during the 2021-23 budget development cycle.

Other agencies

This measure modifies the definition of "attending physician" to "attending provider" in the medical marijuana statutes; this definition now includes physicians, physicians' assistants, nurse practitioners, naturopathic physicians, and dentists. The Oregon Board of Dentistry (OBD), Oregon Board of Naturopathic Medicine (OBNM), and Oregon State Board of Nursing (OSBN) are added to the list of entities that may not impose civil penalties or take other disciplinary action if an attending provider advises a patient about medical marijuana.

The Oregon Cannabis Commission is directed to submit a report on the long-term strategic planning related to medical marijuana to an interim committee of the Legislative Assembly related to health and judiciary on or before September 2 of each odd-numbered year.

There is no or minimal fiscal impact anticipated for the Oregon Health Authority, Oregon Judicial Department, Public Defense Services Commission, Department of Corrections, Oregon Medical Board, and OSBN as a result of this measure. OBD reports an indeterminate impact due the potential interaction between this measure and federal laws around controlled substances.

No response was received from District Attorneys or the Oregon Board of Naturopathic Medicine.

The Legislative Fiscal Office notes that this measure requires a subsequent referral to the Joint Committee on Ways and Means due to its budgetary impacts.