

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2416

81st Oregon Legislative Assembly – 2021 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 Department of Agriculture (ODA), Oregon Liquor Control Commission (OLCC)

Summary of Fiscal Impact:

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

Summary of Expenditure Impact:

	2021-23 Biennium	2023-25 Biennium
Other Funds - Oregon Department of Agriculture	150,000	0
Total Funds	\$150,000	\$0

Analysis:

HB 2416 directs the Oregon Department of Agriculture (ODA) to design standards and identify pilot sites to implement a cannabis business certification program. The program is to incentivize efficient water and energy use in cultivation. The measure provides that ODA may contract with a third-party nonprofit to implement this measure. The Oregon Liquor Control Commission (OLCC) is to make a one-time allocation of \$150,000 to ODA from the Marijuana Control and Regulation Fund during the 2021-23 biennium to fund implementation of this measure. The measure is operative January 1, 2022.

The fiscal impact of this measure is indeterminate. While the measure provides a \$150,000 Other Funds allocation from OLCC to ODA, this 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 should ODA do this work in-house. If ODA contracts with a third-party organization to implement this measure, ODA will still incur procurement and legal costs related to the state competitive contract process, and it is unclear how much funding would remain for the cannabis business certification program. If the costs of setting up this new program are higher than the amount currently allocated, there is no identifiable funding for any additional costs incurred.

This measure was previously introduced as HB 4156 (2020). At that time the amount of funding included in the measure was \$300,000. This amount has been reduced to \$150,000 in HB 2416. Testimony received by the House Committee on General Government on January 26, 2021 indicated that these funds were to be disbursed to a certain nonprofit, that has received an additional \$150,000 in Federal Funds from the United States Department of Agriculture for a certification program for producers of non-cannabis crops. If funding provided by HB 2416 is supposed to be directed to a certain nonprofit, then ODA will need a sole-source procurement justification.

Licensing fee revenue in the 2021-23 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.