

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 1587 - 3

81st Oregon Legislative Assembly – 2022 Regular Session
Legislative Fiscal Office*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

This measure increases the quarterly transfer to the Oregon Criminal Justice Commission from the Oregon Marijuana Account for deposit into the Illegal Marijuana Market Enforcement Grant Program Fund. This measure increases the expenditure limitation on funds collected or received by the Oregon Criminal Justice Commission by \$4.5 million for financial assistance to community-based organization.

Government Unit(s) Affected:

Counties, Oregon Judicial Department (OJD), Oregon Liquor and Cannabis Commission (OLCC), Cities, Department of Revenue (DOR), Criminal Justice Commission (CJC), Oregon Department of Agriculture (ODA), District Attorneys and their Deputies (DAs)

Summary of Fiscal Impact:

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

Summary of Expenditure Impact:

Department of Revenue	2021-23 Biennium	2023-25 Biennium
General Fund		
Special Payments	\$50,000,000	--

Criminal Justice Commission	2021-23 Biennium	2023-25 Biennium
General Fund		
Administrative Costs	\$276,417	\$480,672
Other Funds		
Funds Available for Grants	\$4,500,000	\$32,000,000
Position/FTE	2 / 1.25	2 / 2.00

Analysis:

This measure appropriates \$50 million General Fund to the Department of Revenue (DOR) for the biennium ending June 30, 2022 and directs DOR to allocate a one-time payment of \$25 million each to both cities and counties in the state of Oregon. This measure outlines the percentage distribution of each one-time payment.

This measure also modifies eligibility for grants from the Illegal Marijuana Market Enforcement Grant Program (IMMEGP) Fund to include community-based organizations. Currently, this funding is only provided to local law enforcement agencies.

The measure directs DOR to increase the quarterly transfer amount from the Oregon Marijuana Account to the Criminal Justice Commission (CJC) from \$750,000 to \$4 million, for deposit into the Illegal Marijuana Market Enforcement Grant Program (IMMEGP) Fund. Under current law, the final quarterly distribution amount of \$750,000 will occur in the fiscal quarter beginning October 1, 2023. This measure modifies eligibility for grants from the IMMEGP Fund to include community-based organizations; currently, funding is only provided to local law enforcement agencies. Of the amount deposited into the Fund, \$3.25 million is for awarding grants to local

law enforcement and \$750,000 is for awarding grants to community-based organizations. The increased quarterly transfers are operative July 1, 2023, and sunset June 30, 2025. The final distribution shall be made to CJC in the fiscal quarter beginning April 1, 2025. The increase to the IMMEGP Fund will decrease the revenues that are available to be transferred to the Oregon Health Authority Drug Treatment and Recovery Services Fund starting July 1, 2023. Finally, CJC is required to report to the Legislative Assembly with recommendations for changes to the funding of the IMMEGP. This measure declares an emergency, effective on passage.

This measure appropriates \$50 million General Fund to the Department of Revenue for a one-time distribution of \$25 million to cities and \$25 million to counties as outlined in this measure. The one-time additional distribution will have no fiscal impact on the agency as calculation and distribution of payments will be absorbed within current resources.

The IMMEGP currently has \$26 million in total funding that has been provided through various legislation, including the Commission's budget bill, HB 5005 (2021) - \$3 million, HB 3000 (2021) - \$3 million, and SB 5561 (2021 2nd Special Session) - \$20 million. This measure would provide \$32 million to the Fund in 2023-25.

The Legislative Fiscal Office (LFO) notes that the measure provides CJC with \$4.5 million of Other Funds expenditure limitation for the 2021-23 biennium for financial assistance to community-based organizations. Since the quarterly increase to \$4 million is not operative until July 1, 2023, LFO assumes that this limitation is intended to modify the available use of the \$26 million currently within CJC's budget, for which it already has expenditure limitation, although not specific to community-based organizations.

CJC reports that due to the expansion of the IMMEGP to community-based organizations, CJC will be required to provide more technical assistance, data collection, and financial tracking. As a result, CJC anticipates the need for two permanent full-time positions, totaling 1.25 FTE, an Operations and Policy Analyst 3 to act as the program coordinator to monitor and administer the additional funds, and an Operations and Policy Analyst 2 to act as program facilitator, to assist the increased number of grantees that will now be eligible to receive funding. Estimated cost of the positions is \$276,417 in 2021-23 and \$480,672 in 2023-25 to reflect the full 24 months of the biennium. While CJC has requested General Fund for the administration of the program, the Legislative Fiscal Office notes that current administrative expenditures for the program are funded with the marijuana revenues transferred to IMMEGP and the appropriate source of funding for these costs will be evaluated by the Joint Committee on Ways and Means.

There is no fiscal impact for the Oregon Judicial Department, Department of Agriculture, Oregon Liquor and Cannabis Commission, or District Attorneys. Although there is no fiscal impact for Oregon Liquor and Cannabis Commission (OLCC) or DOR, OLCC reports that the agency produces a report to DOR each quarter that tabulates licenses by type for each city, county and unincorporated county area which will be used for the distribution of the \$50 million General Fund from DOR to cities and counties as outlined by the measure.

This measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of the General Fund impact and Other Fund impact and allocation of Marijuana Revenue included in this measure.