



Legislative Fiscal Office
 82nd Oregon Legislative Assembly
 2024 Regular Session

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 Date: February 12, 2024

Bill Title: Relating to cannabis; declaring an emergency.

Government Unit(s) Affected: Department of State Police, Oregon Liquor and Cannabis Commission, Department of Agriculture, Oregon Military Department

Summary of Fiscal Impact

2023-25 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Oregon Liquor and Cannabis Commission	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
Total Fiscal Impact	\$ -	\$ -	\$ -	\$ -	\$ -	-	-

2025-27 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Oregon Liquor and Cannabis Commission	\$ -	\$ -	\$ 1,582,520	\$ -	\$ 1,582,520	7	5.25
Total Fiscal Impact	\$ -	\$ -	\$ 1,582,520	\$ -	\$ 1,582,520	7	5.25

- Additional costs may be incurred by the Oregon Military Department if directed to assist with industrial hemp enforcement work.

Measure Description

This measure directs the Oregon Liquor and Cannabis Commission (OLCC) and the Oregon Department of Agriculture (ODA) to:

- Map licensed industrial hemp and marijuana operations.
- Conduct rulemaking related to differentiating marijuana from industrial hemp; allowing for law enforcement to accompany ODA on regulatory site visits to industrial hemp operations; and approving retail industrial hemp products with artificial cannabinoids.

Starting January 1, 2025, OLCC is directed to:

- Cap certain marijuana licenses based on state resident population.
- Develop standards for minor decoy operations related to industrial hemp products that contain cannabinoids.
- Begin issuance of temporary permits for marijuana retail or laboratory workers.

As of January 1, 2026, the measure directs OLCC to:

- Establish a registration program for certain industrial hemp products, as well as an annual registration fee that is to be established by rule.
- Issue and enforce orders for hemp products that violate registration, packaging, and other quality standards outlined in this measure, and to impose civil penalties for deposit in the General Fund.

Administration and enforcement of ORS 571.309 and requirements under this measure are added as allowable uses of Marijuana Control and Regulation Fund moneys, and any registration fee revenues collected by OLCC are to be deposited into the Marijuana Control and Regulation Fund. The measure also authorizes the Governor to order the Oregon National Guard to support inspections and enforcement related to industrial hemp crops.

Fiscal AnalysisOregon Liquor and Cannabis Commission

There is minimal fiscal impact in the 2023-25 biennium, and an estimated fiscal impact of \$1.6 million Other Funds and seven positions (5.25 FTE) in the 2025-27 biennium. The positions include:

- Five Regulatory Specialists, assigned by region, to enforce this program.
- One Compliance Specialist 2 to work on packaging and labeling regulation.
- One Administrative Specialist 2 to manage administrative hearings and provide stakeholder support.

Total position costs are estimated at \$1.1 million. In addition to these costs, and position-related services and supplies, the agency would also purchase vehicles and radios for the five Regulatory Specialist positions. This is estimated to cost \$289,750. An additional \$100,000 would be used to contract for IT costs related to reprogramming software for hemp licensing and other adjustments.

The measure authorizes OLCC to charge a registration fee to recoup the administrative costs of the industrial hemp program. However the number of potential fee payers, and the necessary fee amounts needed to cover the program costs are indeterminate. Until the agency can determine the number of fee payers and begins charging the registration fee, OLCC will need to utilize existing recreational marijuana revenues to fund the industrial hemp program operational expenses. These funds are to be repaid once the new industrial hemp registration fee is put in place, although it is unclear how soon funds would be repaid, or how long OLCC will need to rely on recreational marijuana revenues to backfill industrial hemp regulation costs.

Other entities

There is minimal fiscal impact for the Department of Agriculture and the Department of State Police.

There is no impact for Oregon Military Department, unless the Governor directs the National Guard to assist with industrial hemp inspections and enforcement. Should this occur, costs would be based on the number of times the National Guard is called, how many soldiers are activated, and the duration of their callup. As a baseline, 30 service members called up for two weeks at the State Active-Duty rate of \$348.57 would total \$146,399 General Fund.

Relevant Dates

The measure declares an emergency and takes effect on passage.

Other relevant dates are outlined in the Measure Summary section above.