MEASURE NUMBER:SB 676STATUS: A EngrossedSUBJECT:Industrial HempGOVERNMENT UNIT AFFECTED:Department of AgriculturePREPARED BY:Dawn FarrREVIEWED BY:Paul SiebertDATE:April 23, 2009

<u>2009-2011</u>

2011-2013

EXPENDITURES:

See Comments.

REVENUES: See Comments.

EFFECTIVE DATE: January 1, 2010

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: The bill establishes definitions and authorizes the production, possession and commerce in industrial hemp commodities and products; identifies industrial hemp as an agricultural product subject to regulation by the Department of Agriculture (ODA); requires growers and handlers to have license and production facilities a permit issued by ODA; authorizes ODA to make an inspection or audit records to ensure compliance; allows ODA to inspect samples of any industrial hemp crop during the growth phase; allows ODA to charge growers and handlers a reasonable fees as determined by the department; authorizes ODA to revoke or refuse to issue an industrial hemp license or an agriculture hemp seed production permit in addition to a civil penalty for violating a permit or license requirement, condition, rule, or department issued order; limits civil penalty to \$2,500; excludes industrial hemp or industrial hemp commodities from the definition of marijuana in the Uniform Controlled Substances Act; and directs DOA to implement the bill only to the extent practicable with no additional cost to the department, using existing department resources without reallocation of department resources.

ODA anticipates no fiscal impact to result from this bill during the 2009-11 biennium as implementation is dependent upon the federal government approving permits to allow the growth of hemp, and ODA's ability to find existing resources, without reallocation resources, to implement the bill. If ODA were to implement the bill, they anticipate needing approximately \$70,000 in General Fund for start-up costs and a mix of General Fund and Other Funds to sustain minimal biennial program expenditures of \$170,000 and a Natural Resources Specialist 2 position (1.0 FTE) until Other Funds revenues are sufficient for the program to be self-sustaining. The timing of these future expenditures is indeterminate.

The Legislative Fiscal Office is concerned about the language in Section 6, which stipulates that implementation is to be accomplished with no additional cost or reallocation of resources. However, it is unclear if the "no additional costs or reallocation of resources" are in relationship to 2007-2009 biennium costs/resources or the 2009-11 biennium budget without the program.