FISCAL IMPACT OF PROPOSED LEGISLATION — Measure: SB 663 – A14

Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:
Requires retail businesses selling tobacco products or inhalant delivery systems to be licensed by the Department of Revenue.

Government Unit(s) Affected:
Department of Revenue (DOR), Oregon Health Authority (OHA), Cities

Summary of Expenditure Impact:
See Analysis below

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.

Analysis:
The bill requires retail businesses selling tobacco products or inhalant delivery systems (vaping products) to be licensed by the Department of Revenue (DOR) by January 1, 2018. The bill specifies terms and qualifications for licensure and provides an exemption for medical marijuana facilities. The bill also restricts local government authority to adopt ordinances regarding such licensure. DOR is granted fee authority to generate sufficient revenue to fund the work they are required to perform under the bill. The measure also requires DOR to maintain a database of information regarding such licenses and authorizes the agency to revoke, suspend, or refuse to renew a license for specified violations.

Current inspection and civil penalty authority of the Oregon Health Authority (OHA) is modified by the measure and the agency is specifically given authority to conduct inspections of businesses that engage in the sale of tobacco products or inhalant delivery systems or to enter into agreements with state or federal agencies to conduct such inspections. OHA is granted fee authority for their inspection work and civil penalty authority for violations, as specified in the bill. Amounts collected by OHA will be deposited in the Oregon Health Authority Fund to be used to cover their costs for the work they are required to perform under the bill.

DOR and OHA are authorized to begin taking actions in 2015-17, as necessary. DOR is assuming that they will not increase their staffing levels in order to implement the bill, but will have existing staff absorb the new requirements into their current workload. The agency does estimate a cost of up to $350,000 in 2015-17 to implement technology system changes that would be necessary. At this time, OHA believes the measure does not create a fiscal impact for the agency and the work can be absorbed within the normal course of business; however, there are a number of factors which are indeterminate that could result in additional costs, including the number of inhalant delivery system retailers in Oregon. It should also be noted that the local government preemption provision in the bill may create an indeterminate fiscal impact to a local government that is relying on revenue from business licenses that will be affected by the provision.

As noted above, the bill provides fee authority to both DOR and OHA to recover costs, but additional expenditure limitation for the agencies may be necessary once the new program is fully operational.