



OFFICE OF THE DIRECTOR

Kate Brown, Governor

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Authority

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January 23, 2018

The Honorable, Senator Peter Courtney, Co-Chair  
The Honorable, Representative Nancy Nathanson, Co-Chair  
Joint Committee on Ways and Means  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301-4048

Dear Co-Chairpersons:

### **Nature of the Request**

The Oregon Health Authority (OHA) is requesting ratification of the fee established for use of the Oregon Liquor Control Commission's (OLCC) Cannabis Tracking System (CTS).

### **Agency Action**

Senate Bill 1057 passed during the 2017 session required the OHA to enter into an agreement with the Oregon Liquor Control Commission (OLCC) to use the OLCC's cannabis tracking system (CTS) to track the propagation, processing and transfer of marijuana and marijuana items by persons responsible for medical marijuana grow sites (PRMGs), medical marijuana processors and dispensaries. The legislation required the OHA to establish a new fee to cover the costs incurred to use the CTS and to transfer the moneys collected to the Marijuana Control and Regulation Fund. OHA will not realize any revenue from the collection of this pass through fee.

The CTS fee is \$40 a month and is collected as an annual assessment of \$480. The annual cost is equal to the amount the vendor charges the Commission for each account opened under the tracking system. The fee will generate an estimated \$3,628,800 in revenue in the 17-19 biennium, all of which will be transferred to the Marijuana Control and Regulation Fund.

According to the bill, all medical marijuana PRMGs, processors, and dispensaries must use the tracking system by July 1, 2018. In order to set up registrant accounts, receive training from the vendor and meet the deadline enumerated in the bill, OHA needs to begin collecting the fee in February 2018.

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If the fee is not ratified, OHA would not meet the bill's requirements. The OLCC would also be negatively affected as they would be required to implement the statute, pay the vendor to use the cannabis tracking system for the new medical marijuana entities and not receive revenue to offset the expense.

**Action Requested**

OHA requests the new OLCC Medical Marijuana Cannabis Tracking fee to be ratified and effective February 1, 2018.

**Legislation Affected**

None.

Sincerely,



Patrick Allen  
Director

CC: Linda Ames, Legislative Fiscal Office  
Tom MacDonald, Department of Administrative Services  
George Naughton, Department of Administrative Services  
Ken Rocco, Legislative Fiscal Office