

SB 1577 A BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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**Oregon Health Authority
2019-21**

**Department of Revenue
2019-21**

PRELIMINARY

Budget Summary*

	2019-21 Legislatively Adopted Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Adopted	
			\$ Change	% Change
Department of Revenue				
Other Funds	\$ -	\$ 553,169	\$ 553,169	100.0%
Total	\$ -	\$ 553,169	\$ 553,169	100.0%
Oregon Health Authority				
Other Funds	\$ -	\$ 624,266	\$ 624,266	100.0%
Total	\$ -	\$ 624,266	\$ 624,266	100.0%

Position Summary

Department of Revenue			
Authorized Positions	0	5	5
Full-time Equivalent (FTE) Positions	0.00	2.50	2.50
Oregon Health Authority			
Authorized Positions	0	12	12
Full-time Equivalent (FTE) Positions	0.00	3.77	3.77

* Excludes Capital Construction Expenditures

Summary of Revenue Changes

Other Funds revenues to support the licensing of retailers of tobacco and inhalant delivery devices will come from fees imposed by the Oregon Department of Revenue (DOR) and the Oregon Health Authority (OHA) on the approximately 4,000 cigarette, tobacco, and inhalant delivery system retailers in the state. Fees are not to exceed the cost of administration. The bill requires OHA and DOR to enter into an interagency agreement for DOR to collect OHA's fees and transfer the fee revenue to OHA. Civil penalty revenue received by either department is deposited into the General Fund. Local public health authorities may choose to enforce the related public health and safety standards and impose fees on these retailers to be collected and distributed by DOR.

Summary of Human Services Subcommittee Action

Senate Bill 1577 requires retailers of tobacco and inhalant delivery devices to register with the Department of Revenue (DOR). The bill also requires the Oregon Health Authority to establish fees to regulate retailers of tobacco products and inhalant delivery systems. The bill authorizes both departments and local public health authorities to establish fees, impose civil penalties, and share information. The bill allows DOR to revoke, suspend, or refuse to issue or renew a license. OHA is also required to establish a database for compliance and customer complaints, provide technical assistance to local public health authorities, and assess the effectiveness of state and local programs for regulating the retail sale of tobacco products and inhalant delivery systems. OHA is required to ensure retailers of tobacco or inhalant delivery systems are inspected at least once a year. The bill allows local public health authorities to enter into agreements with OHA to administer and enforce the public health and safety standards established in state law and to establish their own more stringent regulations. In the absence of such an agreement, OHA must enforce the standards established in state law. The regulatory provisions of the bill are operative January 1, 2021 and the agencies are authorized to take action to implement the provisions of the bill prior to this date.

Department of Revenue

The Subcommittee recommended \$553,169 Other Funds expenditure limitation and the establishment of five positions (2.50 FTE) for DOR to establish its licensing and enforcement program. This includes one permanent full-time Principal Executive/Manager C position (0.50 FTE) to manage the staff and perform policy development; two permanent full-time Compliance Specialist 1 positions (1.00 FTE) to perform investigations and seize contraband; one permanent full-time Program Analyst 1 position (0.50 FTE) to manage license applications and renewals; and one permanent full-time Public Service Representative 4 (0.50 FTE) to perform customer service functions and account maintenance. Also included is \$131,357 Other Funds in Services and Supplies for rent, Attorney General charges, computers, and other personnel related expenses, as well as \$36,570 Other Funds in Capital Outlay for office furniture and equipment. Staff have a start date of July 1, 2020. Prior to the effective date of the law, the staff will work to develop a communications plan, write administrative rules, and develop the licensing and enforcement program. These costs are expected to increase to total \$1,113,633 Other Funds in the 2021-23 biennium.

Oregon Health Authority

The Subcommittee recommended \$624,266 Other Funds expenditure limitation and 12 positions (3.77 FTE) for OHA to carry out the provisions of the bill. Specifically, OHA received one permanent part-time Principal Executive/Manager D position (0.13 FTE) to manage the regulatory program; three permanent full-time Compliance Specialist 3 positions (0.75 FTE) to inspect retailers; one permanent full-time and one limited duration part-time Program Analyst 3 positions (1.00 FTE) to provide policy development, rulemaking, and outreach and communications related to the program; one permanent full-time Program Analyst 2 position (0.50 FTE) to provide technical assistance and training to internal staff and local public health authorities; one permanent full-time Research Analyst 3 (0.50 FTE) to perform data analysis and assess the effectiveness of the department's efforts; three permanent part-time Student Office Worker positions (0.39 FTE) to assist with underage inspection activities; and one permanent part-time Administrative Specialist 1 position (0.50 FTE) to provide administrative support to the other

staff, as well as position-related Services and Supplies costs. OHA anticipates these costs will roll up to \$2,001,021 Other Funds expenditure limitation for the ongoing costs of the program in the 2021-23 biennium.

Local Government

The impact on local government is indeterminate and depends on the number of local public health authorities that enter into an agreement with OHA to regulate the retail sale of tobacco products and inhalant delivery systems and the level of fees the local public health authorities establish. While the collection of fees by local public health authorities does not directly impact the state budget, the extent to which local public health authorities conduct their own regulation will impact the level of regulatory activities and related fee revenue used in OHA.

PRELIMINARY

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Health Authority and Department of Revenue
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DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
<u>SUBCOMMITTEE ADJUSTMENTS</u>										
Department of Revenue										
SCR 006 - Business Division										
Personal Services	\$	-	\$ 385,242	\$	-	\$	-	\$ 385,242	5	2.50
Services and Supplies	\$	-	\$ 131,357	\$	-	\$	-	\$ 131,357		
Capital Outlay	\$	-	\$ 36,570	\$	-	\$	-	\$ 36,570		
Oregon Health Authority										
SCR 030-05 - Public Health										
Personal Services	\$	-	\$ 414,009	\$	-	\$	-	\$ 414,009	12	3.77
Services and Supplies	\$	-	\$ 210,257	\$	-	\$	-	\$ 210,257		
TOTAL SUBCOMMITTEE ADJUSTMENTS	\$	-	\$ 1,177,435	\$	-	\$	-	\$ 1,177,435	17	6.27

PRELIMINARY