

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 4072 - A

80th Oregon Legislative Assembly – 2020 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Prepared by: Meg Bushman-Reinhold
Reviewed by: Michelle Deister, John Terpening, Tom MacDonald, Julie Neburka
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Measure Description:

Directs State Department of Agriculture to administer Oregon Hemp State Program for studying growth, cultivation and marketing of hemp.

Government Unit(s) Affected:

Oregon Health Authority (OHA), Oregon Department of Agriculture (ODA), Oregon Liquor Control Commission (OLCC), Oregon State Police (OSP)

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

	2019-21 Biennium	2021-23 Biennium
Department of Agriculture		
Other Funds	672,883	860,293
Total Funds	\$672,883	\$860,293
Positions	4	4
FTE	2.52	4.00

Analysis:

This bill creates the Oregon Hemp State Program in the Oregon Department of Agriculture (ODA). The new State Program replaces the current hemp registration program at ODA. The bill updates the statutes to reflect federal law changes, including replacing the term “industrial hemp” with the term “hemp” and changing the definition of hemp. The bill directs ODA to adopt rules and implement a hemp program approved by the United State Department of Agriculture (USDA). ODA will conduct background checks and license hemp growers. ODA will also establish by rule requirements for a shipment manifest for commercial hemp.

This bill will have a fiscal impact on ODA. ODA will submit the State Hemp Plan to the Federal Government for approval and once ODA receives approval, it will develop and adopt rules as directed by this act. The bill also requires ODA to create rules for a shipment manifest document but does not provide a directive for ODA to issue those documents. Costs for rule review and modification are estimated at \$50,000 Other Funds.

A large component of gaining Federal approval of the State Hemp Plan is to demonstrate that there is adequate staffing for the Hemp Program’s administrative and enforcement functions. Initial estimates provided by ODA include 4 permanent full-time positions: two Natural Resource Specialist 3’s for field inspection and enforcement, an Office Specialist 2 for administrative functions such as application review, tracking, and general program support, and a Principal Executive Manager D for program oversight and coordination of statewide efforts. Additional costs related to the inspection and enforcement positions include one-time costs for the purchase of two vehicles. The fiscal impact to ODA for the 2019-21 biennium is anticipated to be \$672,883 Other Funds for

the four positions (2.52 FTE) and associated costs. These costs roll-up to \$860,293 Other Funds 2021-23 biennium.

Funding for this program is primarily supported by hemp grower licenses, grow site fees, hemp handler licenses, and hemp seed producer licenses. The Department currently has sufficient revenue to support the additional positions, however once the State Hemp Plan is approved by the Federal Government program needs will be re-evaluated.

There is minimum fiscal impact anticipated for the Oregon State Police to do background checks. There is no fiscal impact anticipated for the Oregon Health Authority or the Oregon Liquor Control Commission.

The Legislative Fiscal Office notes that this measure requires a subsequent referral to the Joint Committee on Ways and Means due to its budgetary impact on the Department of Agriculture.