

**FISCAL IMPACT OF PROPOSED LEGISLATION**

Measure: HB 2281 - A

81st Oregon Legislative Assembly – 2021 Regular Session  
Legislative Fiscal Office*Only Impacts on Original or Engrossed  
Versions are Considered Official*

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**Measure Description:**

Directs State Department of Agriculture to administer Oregon Hemp State Program for production, processing and sale of hemp.

**Government Unit(s) Affected:**

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

**Summary of Fiscal Impact:**

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

**Summary of Expenditure Impact:**

|                    | 2021-23 Biennium | 2023-25 Biennium |
|--------------------|------------------|------------------|
| Other Funds        | 305,448          | 271,694          |
| <b>Total Funds</b> | <b>\$305,448</b> | <b>\$271,694</b> |
| Positions          | 1                | 1                |
| FTE                | 0.66             | 0.75             |

**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 that conform to the rules related to hemp promulgated by the United State Department of Agriculture (USDA). The measure requires that ODA conduct background checks for individuals applying for a hemp grower license. ODA is also required to establish by rule requirements for a shipment manifest for commercial hemp.

**Oregon Department of Agriculture**

The fiscal impact to the Department of Agriculture is indeterminate. The number of criminal records checks that must be completed by the Department is unknown, but the measure stipulates a number of potential individuals that would need to be checked under each application for licensure. For the rulemaking requirements outlined in the measure, ODA anticipates costs of at least \$75,000 Other Funds. The bill requires ODA to create rules for a shipment manifest document. Rule review and modification are estimated at \$25,000 Other Funds. This measure also directs ODA to create rules for hemp commodity or products that are intended for human consumption. ODA estimates these rulemaking costs at a minimum of \$50,000 Other Funds.

ODA notes that the agency already administers a state hemp program, and that this measures intent is to bring the state hemp program into alignment with federal requirements. ODA notes that in addition to the costs above, the agency’s 2021-23 budget request includes Policy Option Package 395 (Hemp), which would establish four positions and expenditure limitation totaling \$1,010,300 Other Funds to expand the state hemp program. Because ODA would continue to operate a hemp program under state laws regardless of the passage of this

measure, the positions included in Policy Option Package 395 are not included as part of the fiscal impact for this measure. However, once a state hemp plan is approved by the federal government, ODA may need to reevaluate program needs. Funding for this program, including the anticipated rulemaking required by the measure, is primarily supported by hemp grower licenses, grow site fees, hemp handler licenses, and hemp seed producer licenses.

**Department of Justice**

The Department of Justice (DOJ) anticipates that an additional part-time, permanent Assistant Attorney General (0.66 FTE in 2021-23, 0.75 FTE in 2023-25) will be needed to support the significant additional rulemaking and regulatory activities required under this measure. The total cost of this position is estimated at \$230,448 Other Funds in 2021-23 and \$271,694 Other Funds in 2023-25. Existing staff are providing legal services for the existing state hemp program, but DOJ anticipate that the additional work required under this measure will exceed staff capacity. Funding for this position is derived from billing ODA for legal services.

**Other state agencies**

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

This measure warrants a subsequent referral to the Joint Committee on Ways and Means due to its budgetary impact.