

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 1564 - 9

81st Oregon Legislative Assembly – 2022 Regular Session
Legislative Fiscal Office

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

Prepared by: Tim Walker
Reviewed by: Tom MacDonald, John Borden, Ben Ruef, Zane Potter, John Terpening, Amanda Beitel, Matt Stayner
Date: 2-10-2022

Measure Description:

Allows counties that declare a state of emergency related to cannabis to request the State Department of Agriculture to deny issuance of hemp grower licenses.

Government Unit(s) Affected:

Bureau of Labor and Industries (BOLI), Department of Justice (DOJ), District Attorneys and their Deputies (DAs), Water Resources Department (WRD), Oregon Health Authority (OHA), Oregon Department of Agriculture (ODA), Department of Revenue (DOR), Oregon State Police (OSP), Oregon State Sheriffs' Association (OSSA)

Summary of Fiscal Impact:

Costs related to the measure are indeterminate at this time - See explanatory analysis.

Summary of Expenditure Impact: See Analysis

Summary of Revenue Impact: See Analysis

Analysis:

The measure allows a county that declares a state of emergency related to cannabis to request the State Department of Agriculture (ODA) to deny issuance of hemp grower licenses. The measure outlines the stipulations for a state of emergency to be declared and that the declaration must be made annually and submitted to ODA by certain dates so that they may take any necessary action. The county option to declare a state of emergency only applies to 2022 and 2023, as this section of the measure is repealed on June 30, 2023.

The measure also provides that ODA may still issue a grower license to a grow site within a county despite the declared state of emergency, if the applicant had a valid license or registration during the 2020 or 2021 calendar year.

Currently, ODA provides annual licensure and registration of hemp, beginning in January. Under this measure, a declared state of emergency could be applied to the 2022 growing season and ODA has already issues licenses for the 2022 calendar year. As a result, ODA would need to develop a process for the potential revocation of licenses previously issued.

The Hemp Program includes 12 positions (11.00 FTE) and is 100% Other Funds entirely supported through licensure and registration fees. While the number of counties that may declare an emergency under this measure is unknown, the potential loss of revenue for the 2022 and 2023 growing seasons would have a detrimental impact on the program’s revenue, which may result in the need to reduce staff or program services, return to the legislature to request General Fund backfill to maintain the program, or increase licensure and registration fees in the future to support the program.

ODA reports that there will be a minimal fiscal impact to the program for the development of rules around the measure's provisions estimated to be around \$50,000 Other Funds.

The measure also modifies the existing Task Force on Cannabis-Derived Intoxicants to include "Illegal Cannabis Production" in the title and expands the task force from 15 to 20 total members. Sixteen of the members shall be Governor appointed and membership must include representatives for county sheriffs, district attorneys, the Bureau of Labor and Industries (BOLI), Water Resources Department (WRD), Department of Justice, and Department of State Police. The measure adds topics for the task force to contemplate when considering changes to state law and adds BOLI and WRD as agencies that shall provide support to the task force.

There is a minimal fiscal impact to the Department of Justice, Oregon State Police, BOLI, and WRD as a result of their respective participation on the task force.