

**FISCAL IMPACT OF PROPOSED LEGISLATION****Measure: SB 766 - 1**

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

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

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**Measure Description:**

Directs Oregon Criminal Justice Commission to award noncompetitive grants through Illegal Marijuana Market Enforcement Grant Program to Department of State Police for specified purposes related to unlawful marijuana cultivation or distribution operations.

**Government Unit(s) Affected:**

Water Resources Department, Cities, Counties, Criminal Justice Commission, Department of State Police, Department of Justice

**Summary of Fiscal Impact:**

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

**Summary of Expenditure Impact:**

	2023-25 Biennium	2025-27 Biennium
<b>Criminal Justice Commission</b>		
General Fund	\$51,483,561	\$0
<i>Total Funds</i>	\$51,483,561	\$0
<i>Positions</i>	2	0
<i>FTE</i>	2.00	0.00
<b>Water Resources Department</b>		
General Fund	\$5,000,000	\$0
<i>Total Funds</i>	\$5,000,000	\$0
<b>Department of Justice</b>		
General Fund	\$825,938	\$0
<i>Total Funds</i>	\$825,938	\$0
<i>Positions</i>	2	0
<i>FTE</i>	2.00	0.00
<b>Total Fiscal Impact</b>	<b>\$57,309,499</b>	<b>\$0</b>
<i>Total Positions</i>	4	0
<i>Total FTE</i>	4.00	0.00

**Analysis:**

The measure appropriates \$51 million General Fund to the Criminal Justice Commission (CJC) for the Illegal Marijuana Market Enforcement Grant Program (IMMEGP), \$5 million General Fund to the Water Resources Department (WRD) to support watermasters in addressing, and ensuring sufficient staffing to address, the unlawful use, storage, or diversion of water in connection with unlawful marijuana cultivation or distribution operations, and \$750,000 General Fund to the Department of Justice (DOJ) to support prosecution of labor trafficking issues associated with unlawful marijuana cultivation or distribution operations.

The measure adds the Department of State Police (OSP) as an eligible entity for the grant program and allows that any grant funding provided to OSP can be for used equipment, contract services and personnel expenses

related to the addressing and prosecuting unlawful marijuana cultivation and distribution operations. Currently, only cities and counties local law enforcement agencies and community-based organizations are eligible for IMMEGP funding. The measure declares an emergency and is effective on passage.

#### Criminal Justice Commission

The 2021-23 Legislatively Approved Budget for IMMEGP activities totals \$32 million, which includes \$6 million from the Department of Revenue as part of the Marijuana Tax distribution, \$20 million of one-time General Fund included in SB 5561 (2021 Second Special Session) and an additional \$6 million of one-time General Fund provided in HB 4074 (2022). To administer these grant funds, CJC has one permanent full-time position and a full-time limited duration position that was added with the HB 4074 expansion of community-based organizations as an eligible grant recipient. The 2023-25 current service level budget for this program includes the \$6 million Other Funds from the Marijuana Tax distribution, and the one permanent position.

CJC reports that due to the significant increase in available one-time funding provided in SB 766, the agency will need an additional Program Analyst 3 (1.00 FTE) and extension of the limited duration Operations & Policy Analyst 2 (1.00 FTE) position to administer the program. The estimated cost of both positions is \$483,561 for the 2023-25 biennium. While the funding provided in SB 766 is one-time, CJC anticipates that grant monitoring and reporting will extend into the 2025-27 biennium.

#### Water Resources Department (WRD)

The measure provides for a one-time \$5 million General Fund appropriation to WRD for the 2023-25 biennium to support watermasters in addressing, and ensuring sufficient staffing to address, the unlawful use, storage, or diversion of water in connection with unlawful marijuana cultivation or distribution operations. The Legislative Fiscal Office (LFO) notes that WRD's 2021-23 budget includes funding for 14 permanent assistant watermasters and seven permanent enforcement staff that provide cannabis enforcement.

WRD reports that the agency is unsure how the additional \$5 million for cannabis enforcement will be used at this time and, if additional funding is received for cannabis enforcement, the agency will need more time to evaluate and develop how to expend funding.

#### Department of Justice

The measure provides for a one-time \$750,000 General Fund appropriation to DOJ for the 2023-25 biennium to support prosecution of labor trafficking issues associated with unlawful marijuana cultivation or distribution operations within the Criminal Justice Division. DOJ anticipates the fiscal impact of the measure to be approximately \$125,000 more than the one-time General Fund appropriation for the 2023-25 biennium and will need to one full-time Senior Assistant Attorney General (1.00 FTE) and one full-time Criminal Investigator (1.00 FTE).

DOJ reports that the agency does not currently have a Senior Assistant Attorney General or Criminal Investigator with specialized expertise in labor trafficking nor the capacity within current resources to engage in the additional workload if the measure becomes law. Both positions would assist local law enforcement with prosecution of labor trafficking issues associated with unlawful marijuana cultivation or distribution operations.

LFO notes that the overall impact for the 2023-25 biennium may be understated; contingent of the agency hourly pricing model of \$293 per hour when calculating the impact of the measure.

#### Other Agencies

The fiscal impact for OSP, cities, and counties is indeterminate at this time due to the uncertainty of how much funding they will receive from CJC. LFO notes that OSP would likely need Other Funds expenditure limitation in order to expend any grant funds received from CJC.

LFO notes that the funding in the measure is one-time therefore, the requested positions are limited duration.

This measure has a subsequent referral to the Joint Committee on Ways and Means for consideration of its budgetary impact on the State's General Fund.