

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 2931 - 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:

Requires Oregon Liquor and Cannabis Commission to study cannabis.

Government Unit(s) Affected:

Department of Agriculture, Oregon Health Authority, Oregon Liquor and Cannabis Commission

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
Oregon Department of Agriculture		
Other Funds		
Personal Services	\$531,689	\$607,648
Capital Outlay	\$1,750,000	
Total Other Funds	\$2,281,689	\$607,648
Total Fiscal Impact	\$2,281,689	\$607,648
<i>Total Positions</i>	3	3
<i>Total FTE</i>	2.64	3.00

Summary of Revenue Impact:

	2023-25 Biennium	2025-27 Biennium
Oregon Liquor and Cannabis Commission		
Other Funds		
	-\$2,281,689	\$607,648
Total Funds	-\$2,281,689	\$607,648

Analysis: The measure directs the Department of Agriculture (ODA), in cooperation with Oregon Liquor and Cannabis Commission (OLCC) and the Oregon Health Authority (OHA), to establish a reference lab for testing marijuana for microbiological contaminants, pesticides, solvents, and cannabinoid and cannabidiol concentrations. The lab will provide control samples to licensed labs and verify licensed lab results, and the measure allows ODA to charge a fee to OHA, OLCC, or a law enforcement agency for testing. ODA will seek administrative approval and subsequent legislative ratification once the fee schedule is developed.

ODA will need one permanent Chemist 1 (0.875 FTE), one permanent Chemist 2 (0.875 FTE), and one permanent Chemist 3 (0.875 FTE) to efficiently add chemical methods to ISO/IEC 17025 Laboratory Accreditation scope (current methods are primarily microbiological) and maintain a robust quality management system (QMS) to continue supplying its customers with high-quality scientifically defensible analytical results. In addition, ODA will need various analytical lab equipment to conduct the requisite chemical analysis. The additional equipment is estimated to cost \$1.75 million Other Funds. ODA does not have an estimate on the maintenance costs on the lab equipment in 2025-27 and will have a better idea as part of the 2025-27 budget development. OLCC will transfer funds from the Marijuana Fund to ODA for the purposes of the lab.

OLCC will transfer \$2.3 million Other Funds to ODA in 2023-25 and \$607,648 Other Funds in 2025-27.

This measure is related to ODA's Policy Package 230 - Cannabis Lab Capacity, and OLCC's Policy Package 418 - ODA Lab Funding LC; which were both included in the 2023-25 Governor's budget proposal. The Policy Packages would provide the expenditure limitation and position authority for ODA, and include the revenue transfer from OLCC to ODA in support of the reference lab establishment.

OHA anticipates an indeterminate fiscal impact for the Oregon Medical Marijuana Program depending on the fees ODA is allowed to charge for cannabis testing.

This measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its budgetary impact on ODA's and OLCC's respective budgets.