

HB3460: Fees

DRAFT – October 18, 2013

The Rules Advisory Committee is required to establish the fees for the Medical Marijuana Dispensary program. In a normal process you would have discretion on the amount of fees. Unfortunately HB 3460 has tied your hands a bit.

During the legislative process, OHA was asked to provide an estimate of the fiscal impact HB 3460 would have. The agency reviewed duties imposed on the agency by the provisions of the bill, compared those duties to other similar duties within the agency and developed an estimate of the number of staff necessary to implement the bill—four—consisting of two Compliance Specialists 3s and two Office Specialist 2s.

The Compliance Specialists will be responsible for the inspection of records at the dispensary sites and the review and approval of the site for compliance with the provisions of the bill. The Office Specialists will be processing the new applications, criminal background checks, handling the necessary paperwork for both approval and denial and supporting the work of the Compliance Specialists.

Using the normal salary and budgeting processes approved by the Legislative Fiscal Office, OHA estimated the cost to run this program will be \$803,276 for a biennium, or \$401,638 per year.

HB 3460 is unusual in that, Section 10 of the bill establishes the expenditure authority for OHA to implement the bill at \$803,276. Thus it was assumed by the legislature there would be a fee structure to support this amount.

The question you have to decided is what the fee structure should be that will yield, on an annualized basis, \$401,638.

The OHA is recommending you establish two fees:

1. An “application fee” in the amount of \$XXX.XX designed to cover the cost of administering the application and conducting a back ground check.
2. A “compliance fee” of \$X,XXX.XX designed to cover the cost of assuring compliance to the provisions of HB 3460.

The reasoning for two fees is there may be some applications that are not approved for various reasons yet the agency will still incur the cost of processing the application and conducting the background checks. A denied application should not have to pay the cost of assuring compliance.

In order to determine the amount of the fees, there will need to be an estimate of the number of dispensaries/facilities that are to be licensed in any one year. Taking the

amount given to us by the legislature the fee assessed against each dispensary/facility should be enough to raise the necessary funds.