

**REVENUE IMPACT OF
PROPOSED LEGISLATION
Seventy-Eighth Oregon Legislative
Assembly
2015 Regular Session
Legislative Revenue Office**

Bill Number:	HB 3400 - 9
Revenue Area:	Marijuana Revenue
Economist:	Mazen Malik
Date:	06-15-2015

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

The revenue impact of this measure is indeterminate for the following reasons:

The measure as amended with the “-9” delegates the OLCC to set by rule the size of canopy and grow operation, as well as balance between indoor and outdoor grow operations, however, that might not be an explicit authorization for the OLCC to identify supplies, calibrate it with market demand, and/or influence the price of marijuana sold in Oregon. This represents a risk to revenue by oversupply or shortages as well as price fluctuations. All these interactions can have different effects on revenue from taxes levied on marijuana.

The other possible effect on revenue is the costs of different programs and licensing requirements. The “-9” allows for fees estimated to cover costs of licensing and some other testing, but it doesn’t cover other costs of regulations. If those costs are to be covered from the tax proceeds, then the amounts available for transfer to different programs might be negatively impacted.

The impact of the fines and penalties are also a source of uncertainty. The use of these amounts to cover administration costs as well as the amounts expected to go to the CFA are also a source of uncertainty in this amendment.

The local government additional tax should not have a major disturbance of the tax revenue due to the state, however, if all localities adopt that additional tax, that might be considered an additional overall tax increase meaning that overall revenue might be reduced proportional to the price sensitivity of the consumer.