

REVENUE: May have a revenue impact, statement not yet issued

FISCAL: May have a fiscal impact, statement not yet issued

SUBSEQUENT REFERRAL TO:

Action:

Vote:

Yeas:

Nays:

Exc.:

Prepared By: Adam Crawford, Administrator

Meeting Dates: 2/23

WHAT THE MEASURE DOES: Exempts marijuana sold to an Oregon Health Authority registered cardholder from taxation. Allows all marijuana establishments to deduct business expenses allowable under section 280E of the Internal Revenue Code when filing a state tax return. Prohibits retailer from discounting marijuana item or offer marijuana item for free if sale of item is made in conjunction with retail sale of other item. Takes effect on the 91st day after 78th Legislative Assembly adjourns sine die.

ISSUES DISCUSSED:

EFFECT OF COMMITTEE AMENDMENT:

BACKGROUND: Under current Oregon law, marijuana purchased at a recreational marijuana retailer by an Oregon Medical Marijuana Program (OMMP) cardholder would be taxed at a 17% rate. Also, current Oregon law states that only licensed recreational producers, processors, wholesalers, and retailers may claim business deductions otherwise allowable under federal law on their state taxes. Finally, there are no current provisions of law that would prohibit a licensed marijuana retailer from bundling overpriced products not taxed at a 17% rate and underpriced marijuana for the purposes of avoiding taxation.

Senate Bill 1601 would allow OMMP cardholders to purchase marijuana tax free. The measure would also now allow medical marijuana businesses along with recreational licensees to claim business deductions on their state tax forms. Finally, the bill prohibits bundling by marijuana retailers.