

**REVENUE IMPACT OF
PROPOSED LEGISLATION
78th Oregon Legislative Assembly
2016 Regular Session
Legislative Revenue Office**

Bill Number:	HB 4014 - A
Revenue Area:	Marijuana Revenue
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***Only Impacts on Original or Engrossed
Versions are Considered Official***

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

Different parts of the bill interact with the legal marijuana market in various ways to produce impacts that might not all be operating in the same direction. While allowing segments of the medical system to integrate with the commercial market will produce more consolidation and ease of enforcement for tax collection and monitoring of the system, the smaller canopy and allowance for lower fees and less stringent requirements for small producers may have the opposite effect. In the same way, relaxed residency requirements interact with expedited card issuance requirement, sale of excess products, and transfer of inventories.

The revenue impact of new compacts and agreements (to be reached) with the native tribes on the participation into the different segments of the market is not clear. Similarly unknown, would be the level and size of the market and tax revenue that will result from the reintroduction of the commercial markets in previously opt-out local areas.

The allowance of the OMMP businesses, which are usually small and organized as nonprofits, to deduct their business expense not allowed by IRC 280E is expected to have a minimal impact. The ability of DOR to impose interest and penalties might also produce small amounts of revenue. However, the clearer level of penalties and violation might make it easier for law enforcement to impose and for the courts to collect those fines.

Finally, the new requirements workgroups, and programs required from the OLCC and OHA and perhaps Agriculture is likely to produce higher costs that might not all be covered by licenses and fees. If these programs are funded and compensated from the marijuana tax revenue, then the approximate \$4 million in 15-17 and \$7 million in 17-19 will be deducted from the revenue otherwise available for distribution to law enforcement, common school fund, local governments, addiction and other programs as prescribed by law.