

STAFF MEASURE SUMMARY

Joint Committee On Marijuana Legalization

Fiscal: Has minimal fiscal impact

Revenue: Has minimal revenue impact

Action Date: 02/23/16

Action: Do Pass.

Meeting Dates: 02/23

Vote:

House

Yeas: 5 - Buckley, Helm, Lininger, Olson, Wilson

Senate

Yeas: 4 - Burdick, Ferrioli, Kruse, Prozanski

Exc: 1 - Beyer

Prepared By: Adam Crawford, Committee Administrator

WHAT THE MEASURE DOES:

Exempts from taxation, marijuana sold to cardholders registered with the Oregon Health Authority. Allows marijuana establishments to deduct business expenses allowable under section 280E of the Internal Revenue Code when filing a state tax return. Prohibits retailers from discounting or giving away marijuana items in conjunction with retail sale of other items. Takes effect 91st day after adjournment *sine die*.

ISSUES DISCUSSED:

- Current taxation structure for OMMP cardholders
- Federal and state business deductions allowable
- Contents of the measure

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

Under current Oregon law, marijuana purchased from a recreational marijuana retailer by an Oregon Medical Marijuana Program (OMMP) cardholder is required to be taxed at 17 percent. Current Oregon law also 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 to prohibit licensed marijuana retailers from bundling overpriced marijuana products not taxed at 17 percent, with underpriced products for the purposes of avoiding taxation.

Senate Bill 1601 allows OMMP cardholders to purchase marijuana tax free. The measure also allows medical marijuana businesses to claim the same allowable business deductions as recreational licensees. Finally, the bill prohibits bundling by marijuana retailers.