



# 2017 STATE SHARED REVENUE Estimates

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# Certified Population Estimates\* – Alphabetical

Adair Village	845	Depoe Bay	1,440	Independence	9,250	Mt. Vernon	525	Sodaville	335
Adams	370	Detroit	210	Ione	330	Myrtle Creek	3,490	Spray	160
Adrian	180	Donald	985	Irrigon	1,900	Myrtle Point	2,525	Springfield	60,140
Albany	52,540	Drain	1,160	Island City	1,125	Nehalem	280	St. Helens	13,120
Amity	1,620	Dufur	605	Jacksonville	2,920	Newberg	23,465	St. Paul	430
Antelope	50	Dundee	3,190	Jefferson	3,195	Newport	10,190	Stanfield	2,130
Arlington	605	Dunes City	1,320	John Day	1,735	North Bend	9,775	Stayton	7,745
Ashland	20,620	Durham	1,880	Johnson City	565	North Plains	2,015	Sublimity	2,755
Astoria	9,770	Eagle Point	8,765	Jordan Valley	175	North Powder	445	Summerville	135
Athens	1,170	Echo	705	Joseph	1,100	Nyssa	3,285	Sumpter	205
Aumsville	3,965	Elgin	1,730	Junction City	6,010	Oakland	940	Sutherlin	8,025
Aurora	970	Elkton	205	Keizer	37,505	Oakridge	3,255	Sweet Home	9,090
Baker City	9,890	Enterprise	1,985	King City	3,530	Ontario	11,465	Talent	6,305
Bandon	3,125	Estacada	3,155	Klamath Falls	21,640	Oregon City	34,240	Tangent	1,205
Banks	1,775	Eugene	165,885	La Grande	13,200	Paisley	245	The Dalles	14,625
Barlow	135	Fairview	8,940	La Pine	1,675	Pendleton	16,880	Tigard	49,745
Bay City	1,330	Falls City	950	Lafayette	3,975	Philomath	4,665	Tillamook	4,920
Beaverton	95,385	Florence	8,680	Lake Oswego	37,425	Phoenix	4,585	Toledo	3,490
Bend	83,500	Forest Grove	23,375	Lakeside	1,725	Pilot Rock	1,505	Troutdale	16,035
Boardman	3,555	Fossil	475	Lakeview	2,300	Port Orford	1,140	Tualatin	26,840
Bonanza	455	Garibaldi	790	Lebanon	16,435	Portland	627,395	Turner	1,945
Brookings	6,550	Gaston	640	Lexington	255	Powers	695	Ukiah	245
Brownsville	1,700	Gates	485	Lincoln City	8,485	Prairie City	910	Umatilla	7,220
Burns	2,830	Gearhart	1,480	Lonerock	20	Prescott	55	Union	2,150
Butte Falls	430	Gervais	2,565	Long Creek	195	Prineville	9,645	Unity	75
Canby	16,420	Gladstone	11,660	Lostine	215	Rainier	1,905	Vale	1,885
Cannon Beach	1,710	Glendale	875	Lowell	1,070	Redmond	27,595	Veneta	4,755
Canyon City	705	Gold Beach	2,275	Lyons	1,165	Reedsport	4,155	Vernonia	2,065
Canyonville	1,925	Gold Hill	1,220	Madras	6,275	Richland	175	Waldport	2,080
Carlton	2,190	Granite	40	Malin	815	Riddle	1,185	Wallowa	805
Cascade Locks	1,250	Grants Pass	36,815	Manzanita	625	Rivergrove	495	Warrenton	5,265
Cave Junction	1,915	Grass Valley	165	Maupin	425	Rockaway Beach	1,335	Wasco	420
Central Point	17,585	Greenhorn	2	Maywood Park	750	Rogue River	2,200	Waterloo	230
Chiloquin	735	Gresham	108,150	McMinnville	33,405	Roseburg	22,820	West Linn	25,615
Clatskanie	1,750	Haines	415	Medford	78,500	Rufus	280	Westfir	255
Coburg	1,070	Halfway	290	Merrill	840	Salem	162,060	Weston	840
Columbia City	1,965	Halsey	915	Metolius	740	Sandy	10,655	Wheeler	405
Condon	695	Happy Valley	18,650	Mill City	1,860	Scappoose	6,785	Willamina	2,095
Coos Bay	16,615	Harrisburg	3,650	Millersburg	1,730	Scio	890	Wilsonville	23,740
Coquille	3,920	Helix	195	Milton-Freewater	7,070	Scotts Mills	365	Winston	5,410
Cornelius	11,915	Heppner	1,295	Milwaukie	20,510	Seaside	6,605	Wood Village	3,915
Corvallis	58,240	Hermiston	17,730	Mitchell	130	Seneca	215	Woodburn	24,795
Cottage Grove	9,890	Hillsboro	99,340	Molalla	9,085	Shady Cove	3,040	Yachats	740
Cove	550	Hines	1,560	Monmouth	9,745	Shaniko	35	Yamhill	1,070
Creswell	5,360	Hood River	7,760	Monroe	620	Sheridan	6,115	Yoncalla	1,065
Culver	1,410	Hubbard	3,225	Monument	130	Sherwood	19,145		
Dallas	15,345	Huntington	445	Moro	330	Siletz	1,235		
Dayton	2,635	Idanha	140	Mosier	450	Silverton	9,725		
Dayville	150	Imbler	305	Mt. Angel	3,375	Sisters	2,390		

\* Population numbers certified by Portland State University (PSU) as of December 16, 2016. Population estimates are subject to change by PSU and can be found at [www.pdx.edu/prc/population-reports-estimates](http://www.pdx.edu/prc/population-reports-estimates).

# 2017 State Shared Revenues

## Per Capita State Shared Revenues for Cities

Per capita distributions for revenue sources are calculated based on certified population statistics from Portland State University's Center for Population Research. Population estimates compiled each July are typically certified on January 1 of the following year, and thereafter begin to govern the distributions. See page 2 for certified population estimates.

	<b>Liquor Revenues</b> (Cities, 20% Share)	<b>Cigarette Tax Revenues</b>	<b>9-1-1 Tax Revenues</b>	<b>Highway Fund Revenues</b> (Gas Tax)
<b>2015-16 Estimates</b> (2016 SSR Report)	\$14.46	\$1.28	Not Available <sup>1</sup>	\$57.15
<b>2015-16 Actuals</b>	\$14.16	\$1.30	\$5.14	\$58.35
<b>2016-17 Estimates</b>	\$14.90	\$1.26	\$5.47	\$58.47
<b>2017-18 Estimates</b>	\$15.47	\$1.20	\$5.66	\$57.61
<b>2018-19 Estimates</b>	\$16.06	\$1.15	\$5.84	\$57.38

<sup>1</sup> Last year's League report did not provide an estimate for 2015-16 revenues as there had been significant legislative changes to the 9-1-1 tax (imposing the tax on prepaid wireless products), and the Office of Emergency Management (OEM) did not provide estimates. The OEM provides quarterly actual distribution statements to the League but again has not provided projections for future fiscal years. Thus, the League is now using the statements to provide the above 9-1-1 tax actuals and make its own projected estimates to assist cities. We encourage cities to continue to budget conservatively.

## Formula-Based State Shared Revenues for Cities

State marijuana taxes and a portion of liquor revenues have distributions based on formulas rather than city population. The estimates for the total share for all cities is provided in the following table to allow cities to see trends and assist cities in their individual computations.

	<b>Liquor Revenues</b> (Cities, 14% Share)	<b>Marijuana Tax Revenues<sup>2</sup></b>
<b>2015-16 Estimates</b> (2016 SSR Report)	\$28,452,000	\$0
<b>2015-16 Actuals</b>	\$27,814,601	\$1,430,000 <sup>3</sup>
<b>2016-17 Estimates</b>	\$29,613,000 <sup>4</sup>	\$5,640,000
<b>2017-18 Estimates</b>	\$31,094,000	\$5,675,000
<b>2018-19 Estimates</b>	\$32,649,000	\$5,825,000

<sup>2</sup> Projections are based on the revenue projections utilized by DAS in preparing the December 2016 governor's recommended budget. The estimated administrative costs have been deducted.

<sup>3</sup> Number is an estimate of the tax distributions based on the actual 2015-16 sales receipts and estimated administrative cost deductions. The distribution is projected to occur in 2017 and has not actually been distributed.

<sup>4</sup> To date, OLCC has not run new projections for 2016-17 or 2017-18, and thus these are the same estimates as those provided in last year's report. Projections may be revised after this report is published.

# MARIJUANA TAX REVENUES



2016-2017 Disbursement Based on License Formula  
2017-2018 Disbursement Based on License Formula

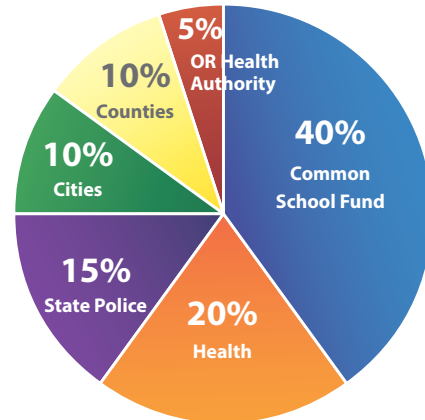
## Total State Marijuana Tax Receipts

2016 Total State Actual Receipts <sup>1</sup>	
February	\$2,484,170
March	\$4,358,754
April	\$3,735,111
May	\$4,339,440
June	\$5,735,508
July	\$5,533,949
August	\$7,345,281
September	\$6,679,585
October	\$7,831,157
November	\$6,463,877
December	\$5,647,600



<sup>1</sup> These are not the city distribution amounts but the total state receipts. See total estimated city distributions on page 3.

## Distribution of State Marijuana Tax Revenues



**Revenue Projections:** Last year, the state was projecting state marijuana tax revenues would rise steadily over time, but the start-up costs of state regulation, testing, accounting and enforcement would largely offset the tax revenues for the first year. Actual tax revenues have been higher than projected, as gross sales have been holding at more than \$5.5 million each month since June. Still, the monthly tax revenues have been up and down. Costs for marijuana regulation and administration have also been less than projected. Because the sale and taxation of recreational marijuana products is so new and the start-up costs have been difficult to project, the numbers are constantly changing. Actual receipts are significantly higher than the Legislature’s 2015 and 2016 projections.

At the time of this report, the most current numbers available to the League were provided by the Oregon Department of Administrative Services (DAS). The following DAS projections were used to formulate the governor’s recommended budget that was released in December 2016, and provided the numbers used in the League’s table estimates:

- DAS re-estimated the 2015-17 biennium at \$83.3 million in total state marijuana taxes with \$20.6 million in FY 2015-16 and \$62.7 million in FY 2016-17. DAS projections assume \$12.6 million in administrative costs for the 2015-17 biennium, leaving \$70.6 million available for distribution. The 10 percent share to cities is thus estimated at \$7.1 million. This

amount should be distributed in 2017-19 in addition to the amounts collected in 2017-19 and distributed in 2017-19.

- For FY 2017-18, DAS is projecting \$57.8 million in total tax revenues, and for FY 2018-19, \$59.3 million. DAS projections assume \$2.1 million in administrative costs for the 2017-19 biennium. Thus, the 10 percent share to cities is estimated at \$11.5 million.

DAS cautions that these numbers are their best estimates; tax revenues may come in stronger or weaker than expected. The Legislature may take actions that increase or decrease the amount that cities eventually receive by changing the tax, changing the statutory distribution formula, or approving more (or fewer) expenditures to administer the tax.

# MARIJUANA STATE SHARED REVENUE AT A GLANCE

<b>Revenue Sources</b>	State retail sales tax on all recreational marijuana products
<b>Tax Rates</b>	<p><b>Early Sales Tax Rate:</b> 25% for state retail tax on recreational marijuana sold (January 4 - September 30, 2016)</p> <p><b>Note:</b> Sales on recreational marijuana edibles and concentrates began on June 2, 2016</p> <p><b>Regular Sales Tax Rate:</b> 17% for state retail tax on recreational marijuana (starting October 1, 2016)</p>
<b>Agency Administration of Revenues</b>	DOR Collection; plan is for DAS to make payments to cities
<b>Distribution Calculation</b>	<p>Cities are to receive 10% of the state tax revenues:</p> <ul style="list-style-type: none"> <li>• <b>Pre-July 1, 2017:</b> distribution will be <b>per capita</b> after administrative and enforcement expenses are deducted (no longer planned).</li> <li>• <b>Post-July 1, 2017:</b> distribution will be based on the number of licenses issued by the OLCC in the previous year for premises located in each city, after administrative and enforcement expenses are deducted. The share will be based on the number of licenses for premises located in the city compared to the total issued by the OLCC for all premises in the state. <ul style="list-style-type: none"> <li>○ One-half of the 10% will be based on the <b>number of producer, processor and wholesale licenses issued.</b></li> <li>○ One-half of the 10% will be based on the <b>number of retailer licenses issued.</b></li> </ul> </li> </ul>
<b>Payment Schedule</b>	Quarterly
<b>Requirements</b>	To receive a state revenue share, the OLCC must have issued one or more licenses in the previous year for premises located in a city. In addition, a city may not adopt an ordinance that prohibits the establishment of a premises for which a license is required under state law for a recreational marijuana producer, processor, wholesaler, or retailer. A city may also not adopt an ordinance prohibiting a medical marijuana grow site nor a medical marijuana facility.
<b>Use of Revenue Restrictions</b>	The statutory reason provided for distribution to cities is to assist local law enforcement in their duties.
<b>Local Tax Preemption</b>	Partially. Local governments may not impose more than a 3% tax on the production, processing or sale of recreational marijuana by a retail licensee. (ORS 475B.345)
<b>Key Statutes</b>	ORS 475B.700-.710, .760; Or Laws Ch. 1, sec. 44

**Payment Timing:** To date, the state has not distributed the city share of marijuana tax revenues. Because the Legislature provided that state agencies (the Oregon Liquor Control Commission and the Oregon Health Authority) can borrow from the state's Liquor Revenue Fund until June 30, 2017 for marijuana-related expenses, the Oregon Department of Revenue asserts that it cannot make distributions until after that date. The accounting of the liquor and marijuana funds will be completed thereafter in July 2017, and the plan is to distribute revenues to cities beginning in early August. The first payment will be large, as it will include revenues from receipts from January 2016 (when taxes began) through the first quarter of 2017. Thereafter, payments will be quarterly, and likely smaller.

**Distribution Formula:** The state no longer plans to utilize the temporary per capita distribution method for cities. That formula was only for distributions prior to July 1, 2017. Since the

distributions are not planned to begin until August, the state plans to use the complicated statutory distribution formula that is based on marijuana licenses issued by the Oregon Liquor Control Commission (OLCC) in the preceding calendar year. That formula does not take into account volume, or even whether a location ever operated or is operating at the time of the tax revenue distribution. The formula is difficult to apply (OLCC license applications have addresses but do not note whether a license is for premises within city limits), and seems both inequitable and arbitrary in many respects. Thus, the League is pursuing legislation that would use a per capita distribution formula or a modified per capita formula for the state-shared revenue distribution. The League's goal is to push for legislation that takes effect before August 2017. Due to the uncertainties both in actual revenues and the distribution formula, cities are encouraged to budget cautiously and watch for updates.