

SB 845 -6 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Meeting Dates: 4/4, 5/10

WHAT THE MEASURE DOES:

Changes distribution of moneys collected by Department of Revenue as tax imposed on retail sale of marijuana items. Applies to moneys distributed by department on or after effective date .

ISSUES DISCUSSED:

Background of the legalization measure M-91.

Legislative Actions by the 2015 and 2016 sessions.

Issues of taxation and revenue that remain to be fixed.

Distribution of revenues and priorities.

EFFECT OF AMENDMENT:

-6 The amendment. directs DAS to Forecast revenue quarterly and for the horizon of 3 biennia. Requires DOR and OLCC to assists with data and information, and requires reports to LRO, LFO and DOR. Changes the distribution requirements for the marijuana revenues. 30% to the State School Fund, 20% to the OHA for mental health Alcoholism and Drug services. 15% to the State Police, 10% to the Community College Support fund, 5% to the OHA, 10 % to Cities and 10% to Counties. Makes all these distributions dedicated to the uses it is meant to go towards.

Changes the method by which the cities and counties dived the distribution amounts. For cities 75% will be on population of the cities that did not opt out, and 25% based on licenses. While the counties will divide the distribution amount with 50% based on the proportion of growth canopies, and the other half based on the number of licenses of marijuana businesses in each county. Finally it allows for current biennium revenue to be distributed to cities and counties base exclusively on population.

BACKGROUND:

Changes The distributions from all the previous uses to 50% cities and 50% Counties.

(A) 25 percent of the 50 percent shall be transferred in shares that reflect the total area of all grow canopies associated with marijuana producer licenses issued by the Oregon Liquor Control Commission under ORS 475B.070 during the calendar year preceding the date of the distribution for all premises located in the city compared to the total area of all grow canopies associated with marijuana producer licenses issued by the commission under ORS 475B.070 during the calendar year preceding the date of the distribution for all premises located in all incorporated areas of this state; and

(B) 75 percent of the 50 percent shall be transferred in shares that reflect the total number of marijuana retailer licenses issued by the commission under ORS 475B.110 during the calendar year preceding the date of the distribution for all premises located in the city compared to the total number of marijuana retailer licenses issued by the commission under ORS 475B.110 during the calendar year preceding the date of the distribution for all premises located in all incorporated areas of this state;

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(b) 50 percent shall be distributed among the counties of this state for purposes relating to law enforcement and mental health and addiction services in the following shares:

- (A) 25 percent of the 50 percent shall be transferred in shares that reflect the total area of all grow canopies associated with marijuana producer licenses issued by the commission under ORS 475B.070 during the calendar year preceding the date of the distribution for all premises located in the unincorporated area of the county compared to the total area of all grow canopies associated with marijuana producer licenses issued by the commission under ORS 475B.070 during the calendar year preceding the date of the distribution for all premises located in all unincorporated areas of this state; and
- (B) 75 percent of the 50 percent shall be transferred in shares that reflect the total number of marijuana retailer licenses issued by the commission under ORS 475B.110 during the calendar year preceding the date of the distribution for all premises located in the unincorporated area of the county compared to the total number of marijuana retailer licenses issued by the commission under ORS 475B.110 during the calendar year preceding the date of the distribution for all premises located in all unincorporated areas of this state.

The legalization ballot measure M-91 foresaw a 40% distribution to schools out of the tax revenue. However, the common school fund works as an endowment and not an immediate benefit to schools. The amended version of the bill sends 30% to the State School Fund, and 10 % the Community College Support fund. It also dedicates 15% to state police, 10 % to mental health, and 5;5 to the health authority.

The measure maintains 10 % to Counties and 10% to Cities to be distributed using a permanent formula. However, the first-year distribution uses a temporary formula based Solely on population. Revenue collected during first biennium (2015-17) will be distributed per the first-year formula after all the costs for the OLCC and DOR are paid. This is expected to occur after the end of the current biennium.