



**GINNY BURDICK
SENATE MAJORITY LEADER**

DATE: February 21, 2017

TO: Representative Phil Barnhart, Chair
House Revenue Committee

FROM: Senate Majority Leader Ginny Burdick

SUBJECT: House Bill 2204

Chair Barnhart and Members of the committee, for the record, my name is Ginny Burdick. I represent the people of Senate District 18, which includes the city of Tigard and portions of west Portland.

I'm here today to discuss House Bill 2204. This bill will change the statutory limitation on local government's authority to impose tax on the retail sale of marijuana. Currently, Oregon law allows cities and counties to impose a local option tax of up to 3 percent. This measure will increase the local option tax authority to 8 percent.

During 2016, "early start" Oregon marijuana sales were subject to a 25% state sales tax. Gross revenues generated during this "early start" period were in excess of \$60 million, and surpassed estimates provided by both the Legislative Revenue Office¹ and the Oregon Liquor Control Commission.² Allowing local governments to raise a local sales tax on marijuana up to 8 percent would simply maintain parity with the "early start" period.

Although 16 of Oregon's 36 counties and 73 Oregon cities prohibit licensed recreational marijuana retailers, all 111 local marijuana tax measures passed by significant margins during the November 2016 General Election. House Bill 2204 will allow for a reasonable increase in local tax. At a 25% tax rate, Oregon would still have a lower composite tax on marijuana than either Washington's 37% tax or Colorado's 27.9% tax.

House Bill 2204 will assist in raising vital revenue for local governments and encourage participation in the legal market across the state.

I strongly urge your support for House Bill 2204.

¹ LRO, Updated Marijuana Tax Revenue Estimates. May 2016.

² OLCC, 2015-17 Budget Request to Implement Recreational Marijuana. April 2015

