

**SB 845 A STAFF MEASURE SUMMARY**

**Carrier:** Sen. Hass, Sen. Kruse

**Senate Committee On Finance and Revenue**

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**Action Date:** 05/10/17  
**Action:** Do pass with amendments. (Printed A-Eng.)  
**Vote:** 5-0-0-0  
**Yeas:** 5 - Baertschiger Jr, Boquist, Hass, Riley, Taylor  
**Fiscal:** Fiscal impact issued  
**Revenue:** Revenue impact issued  
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**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.
- Revenue forecasting and tax distributions.

**EFFECT OF AMENDMENT:**

The amendment directs DAS to Forecast revenue quarterly and for the horizon of 3 biennia. Requires DOR and OLCC to assist 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 divide 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:**

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% to the Community College Support fund. It also dedicates 15% to state police, 10% to mental health, and 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.

Changes The distributions to cities and Counties.

(A) Ten percent of the moneys in the account must be transferred to the cities of this state in the following shares: Seventy-five percent of the 10 percent must be transferred in shares that reflect the population of each city of this

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state that is not exempt compared to the population of all cities of this state that are not exempt from distribution due to opt put.and Twenty-five percent of the 10 percent must be transferred in shares that reflect the number of licenses held pursuant to ORS 475B.070, 475B.090, 475B.100 and 475B.110.

(B) Ten percent of the moneys in the account must be transferred to counties in the following shares: Fifty percent of the 10 percent must be transferred in shares that reflect the total commercially available area of all grow canopies associated with marijuana producer licenses held pursuant to 475B.070 on the last business day of the calendar quarter preceding the date of the transfer for all premises located in each county compared to the total commercially available area of all grow canopies associated with marijuana producer licenses held pursuant to ORS 475B.070 on the last business day of that calendar quarter for all premises located in this state; and Fifty percent of the 10 percent must be transferred in shares that reflect the number of licenses held pursuant to ORS 475B.090, 475B.100 and 475B.110 on the last business day of the calendar quarter preceding the date of the transfer for premises located in each county compared to the number of licenses held pursuant to ORS 475B.090, 475B.100 and 475B.110 on the last business day of that calendar quarter for all premises in this state.