

A-Engrossed
Senate Bill 845

Ordered by the Senate May 15
Including Senate Amendments dated May 15

Sponsored by Senator KRUSE

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Changes distribution of moneys collected by Department of Revenue as tax imposed on retail sale of marijuana items **to transfers of moneys to cities and counties according to specified formula and uses of moneys for specified purposes related to education and public health and safety**. Applies to moneys [*distributed by department*] **transferred or used** on or after effective date of Act.

Requires Oregon Department of Administrative Services to forecast and prepare quarterly estimates of revenue from tax imposed on retail sale of marijuana items.

[*Takes effect on 91st day following adjournment sine die.*]

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to distribution of moneys collected as a tax imposed on the retail sale of marijuana items;
3 creating new provisions; amending ORS 327.008 and section 44, chapter 1, Oregon Laws 2015;
4 and declaring an emergency.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1. Section 2 of this 2017 Act is added to and made a part of ORS 475B.700 to**
7 **475B.760.**

8 **SECTION 2. (1) Not later than 30 days before the beginning of each calendar quarter, the**
9 **Oregon Department of Administrative Services shall forecast and prepare an estimate of the**
10 **revenue that will be received during the remainder of the current biennium and subsequent**
11 **three biennia pursuant to the tax imposed under ORS 475B.705. The estimate may be made**
12 **on the basis of all pertinent information available to the Oregon Department of Administra-**
13 **tive Services. Upon making the estimate, the Oregon Department of Administrative Services**
14 **shall report the estimate to the Legislative Revenue Officer, the Legislative Fiscal Officer**
15 **and the Department of Revenue.**

16 **(2) The Department of Revenue and the Oregon Liquor Control Commission shall provide**
17 **the Oregon Department of Administrative Services with any information necessary for the**
18 **Oregon Department of Administrative Services to perform its duties under this section.**

19 **SECTION 3. Section 44, chapter 1, Oregon Laws 2015, as amended by section 14, chapter 699,**
20 **Oregon Laws 2015, and section 219, chapter 767, Oregon Laws 2015, is amended to read:**

21 **Sec. 44.** [*(1) There is established the Oregon Marijuana Account, separate and distinct from the*
22 *General Fund.*]

23 [*(2) The account shall consist of moneys transferred to the account under section 11 of this 2015*
24 *Act.*]

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 *[(3) Subject to subsection (4) of this section, the Department of Revenue shall certify the amount*
2 *of moneys available for distribution in the Oregon Marijuana Account and distribute the moneys as*
3 *follows:]*

4 *[(a) Forty percent must be transferred to the Common School Fund;]*

5 *[(b) Twenty percent must be transferred to the Mental Health Alcoholism and Drug Services Ac-*
6 *count established under ORS 430.380;]*

7 *[(c) Fifteen percent must be transferred to the State Police Account established under ORS*
8 *181.175;]*

9 *[(d) To assist local law enforcement in performing its duties under sections 3 to 70, chapter 1,*
10 *Oregon Laws 2015, 10 percent must be transferred to the cities of this state in the following shares:]*

11 *[(A) For all distributions made from the Oregon Marijuana Account before July 1, 2017, in such*
12 *shares as the population of each city bears to the population of the cities of this state, as determined*
13 *by Portland State University last preceding such apportionment, under ORS 190.510 to 190.610; and]*

14 *[(B) For all distributions made from the Oregon Marijuana Account on or after July 1, 2017:]*

15 *[(i) Fifty percent of the 10 percent must be transferred in such shares as the number of licenses*
16 *issued by the commission under sections 19 to 21, chapter 1, Oregon Laws 2015, during the calendar*
17 *year preceding the date of the distribution for premises located in each city bears to the number of such*
18 *licenses issued by the commission during such calendar year for all premises in this state; and]*

19 *[(ii) Fifty percent of the 10 percent must be transferred in such shares as the number of licenses*
20 *issued by the commission under section 22, chapter 1, Oregon Laws 2015, during the calendar year*
21 *preceding the date of the distribution for premises located in each city bears to the number of such li-*
22 *censes issued by the commission during such calendar year for all premises in this state;]*

23 *[(e) To assist local law enforcement in performing its duties under sections 3 to 70, chapter 1,*
24 *Oregon Laws 2015, 10 percent must be transferred to counties in the following shares:]*

25 *[(A) For all distributions made from the Oregon Marijuana Account before July 1, 2017, in such*
26 *shares as their respective populations bear to the total population of this state, as estimated from time*
27 *to time by Portland State University; and]*

28 *[(B) For all distributions made from the Oregon Marijuana Account on or after July 1, 2017:]*

29 *[(i) Fifty percent of the 10 percent must be transferred in such shares as the number of licenses*
30 *issued by the commission under sections 19 to 21, chapter 1, Oregon Laws 2015, during the calendar*
31 *year preceding the date of the distribution for premises located in each county bears to the number of*
32 *such licenses issued by the commission during such calendar year for all premises in this state; and]*

33 *[(ii) Fifty percent of the 10 percent must be transferred in such shares as the number of licenses*
34 *issued by the commission under section 22, chapter 1, Oregon Laws 2015, during the calendar year*
35 *preceding the date of the distribution for premises located in each county bears to the number of such*
36 *licenses issued by the commission during such calendar year for all premises in this state; and]*

37 *[(f) Five percent must be transferred to the Oregon Health Authority to be used for the establish-*
38 *ment, operation and maintenance of alcohol and drug abuse prevention, early intervention and treat-*
39 *ment services.]*

40 *[(4) A city or county that adopts ordinances prohibiting the establishment of a premises for which*
41 *a license is issued under section 19, 20, 21 or 22, chapter 1, Oregon Laws 2015, or prohibiting the es-*
42 *tablishment of an entity for which registration is required under ORS 475.300 to 475.346, is not eligible*
43 *to receive distributions under this section.]*

44 *[(5) It is the intent of the Legislative Assembly that the moneys distributed from the Oregon*
45 *Marijuana Account to the persons listed in subsection (3) of this section are in addition to, and not in*

1 *lieu of, any other moneys available to such persons.]*

2 (1) There is established the Oregon Marijuana Account, separate and distinct from the
3 General Fund.

4 (2) The account shall consist of moneys transferred to the account under ORS 475B.760.

5 (3)(a) The Department of Revenue shall certify quarterly the amount of moneys available
6 in the Oregon Marijuana Account.

7 (b) Subject to subsection (4) of this section, the department shall transfer quarterly 20
8 percent of the moneys in the Oregon Marijuana Account as follows:

9 (A) Ten percent of the moneys in the account must be transferred to the cities of this
10 state in the following shares:

11 (i) Seventy-five percent of the 10 percent must be transferred in shares that reflect the
12 population of each city of this state that is not exempt from this paragraph pursuant to
13 subsection (4)(a) of this section compared to the population of all cities of this state that are
14 not exempt from this paragraph pursuant to subsection (4)(a) of this section, as determined
15 by Portland State University under ORS 190.510 to 190.610, on the date immediately preceding
16 the date of the transfer; and

17 (ii) Twenty-five percent of the 10 percent must be transferred in shares that reflect the
18 number of licenses held pursuant to ORS 475B.070, 475B.090, 475B.100 and 475B.110 on the last
19 business day of the calendar quarter preceding the date of the transfer for premises located
20 in each city compared to the number of licenses held pursuant to ORS 475B.070, 475B.090,
21 475B.100 and 475B.110 on the last business day of that calendar quarter for all premises in
22 this state located in cities; and

23 (B) Ten percent of the moneys in the account must be transferred to counties in the
24 following shares:

25 (i) Fifty percent of the 10 percent must be transferred in shares that reflect the total
26 commercially available area of all grow canopies associated with marijuana producer licenses
27 held pursuant to ORS 475B.070 on the last business day of the calendar quarter preceding the
28 date of the transfer for all premises located in each county compared to the total commer-
29 cially available area of all grow canopies associated with marijuana producer licenses held
30 pursuant to ORS 475B.070 on the last business day of that calendar quarter for all premises
31 located in this state; and

32 (ii) Fifty percent of the 10 percent must be transferred in shares that reflect the number
33 of licenses held pursuant to ORS 475B.090, 475B.100 and 475B.110 on the last business day of
34 the calendar quarter preceding the date of the transfer for premises located in each county
35 compared to the number of licenses held pursuant to ORS 475B.090, 475B.100 and 475B.110
36 on the last business day of that calendar quarter for all premises in this state.

37 (c) Eighty percent of the moneys in the Oregon Marijuana Account must be used as fol-
38 lows:

39 (A) Thirty percent of the moneys in the account must be used solely for purposes for
40 which moneys in the State School Fund established under ORS 327.008 may be used;

41 (B) Twenty percent of the moneys in the account must be used solely for purposes for
42 which moneys in the Mental Health Alcoholism and Drug Services Account established under
43 ORS 430.380 may be used;

44 (C) Fifteen percent of the moneys in the account must be used solely for purposes for
45 which moneys in the State Police Account established under ORS 181A.020 may be used;

1 **(D) Ten percent of the moneys in the account must be used solely for purposes for which**
2 **moneys in the Community College Support Fund established under ORS 341.620 may be used;**
3 **and**

4 **(E) Five percent of the moneys in the account must be used solely for purposes related**
5 **to alcohol and drug abuse prevention, early intervention and treatment services.**

6 **(4)(a) A city that has an ordinance prohibiting the establishment of a premises for which**
7 **issuance of a license under ORS 475B.070, 475B.090, 475B.100 or 475B.110 is required is not**
8 **eligible to receive transfers of moneys under subsection (3)(b)(A) of this section.**

9 **(b) A county that has an ordinance prohibiting the establishment of a premises for which**
10 **issuance of a license under ORS 475B.070 is required is not eligible to receive transfers of**
11 **moneys under subsection (3)(b)(B)(i) of this section.**

12 **(c) A county that has an ordinance prohibiting the establishment of a premises for which**
13 **issuance of a license under ORS 475B.090, 475B.100 or 475B.110 is required is not eligible to**
14 **receive transfers of moneys under subsection (3)(b)(B)(ii) of this section.**

15 **(5) In a form and manner prescribed by the Oregon Liquor Control Commission, each city**
16 **and county in this state shall certify with the commission whether the city or county has**
17 **an ordinance prohibiting the establishment of a premises for which issuance of a license**
18 **under ORS 475B.070, 475B.090, 475B.100 or 475B.110 is required. If a city fails to comply with**
19 **this subsection, the city is not eligible to receive transfers of moneys under subsection**
20 **(3)(b)(A) of this section. If a county fails to comply with this subsection, the county is not**
21 **eligible to receive transfers of moneys under subsection (3)(b)(B) of this section.**

22 **(6) It is the intent of the Legislative Assembly that the moneys transferred from the**
23 **Oregon Marijuana Account to the persons listed in subsection (3) of this section are in ad-**
24 **dition to, and not in lieu of, any other moneys available to those persons.**

25 **SECTION 4.** ORS 327.008 is amended to read:

26 327.008. (1)(a) There is established a State School Fund in the General Fund.

27 (b) The Department of Education, on behalf of the State of Oregon, may solicit and accept gifts,
28 grants, donations and other moneys from public and private sources for the State School Fund.
29 Moneys received as provided in this paragraph shall be deposited into the State School Fund.

30 (c) The State School Fund shall consist of moneys appropriated by the Legislative Assembly,
31 moneys transferred from the Education Stability Fund **and the Oregon Marijuana Account** and
32 moneys received as provided in paragraph (b) of this subsection.

33 (d) The State School Fund is continuously appropriated to the Department of Education for the
34 purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348, 336.575,
35 336.580, 336.635, 343.243, 343.533, 343.941 and 343.961 and sections 1 to 3, chapter 735, Oregon Laws
36 2013.

37 (2) There shall be apportioned from the State School Fund to each school district a State School
38 Fund grant, consisting of the positive amount equal to a general purpose grant and a facility grant
39 and a transportation grant and a high cost disabilities grant minus local revenue, computed as pro-
40 vided in ORS 327.011 and 327.013.

41 (3) For the first school year after a public charter school ceases to operate because of dissol-
42 ution or closure or because of termination or nonrenewal of a charter, there shall be apportioned
43 from the State School Fund to each school district that had sponsored a public charter school that
44 ceased to operate an amount equal to the school district's general purpose grant per extended
45 ADMw multiplied by five percent of the ADM of the public charter school for the previous school

1 year.

2 (4) There shall be apportioned from the State School Fund to each education service district a
3 State School Fund grant as calculated under ORS 327.019.

4 (5) All figures used in the determination of the distribution of the State School Fund shall be
5 estimates for the same year as the distribution occurs, unless otherwise specified.

6 (6) Numbers of students in average daily membership used in the distribution formula shall be
7 the numbers as of June of the year of distribution.

8 (7) A school district may not use the portion of the State School Fund grant that is attributable
9 to the facility grant for capital construction costs.

10 (8) The total amount of the State School Fund that is distributed as facility grants may not ex-
11 ceed \$9 million in any biennium. If the total amount to be distributed as facility grants exceeds this
12 limitation, the Department of Education shall prorate the amount of funds available for facility
13 grants among those school districts that qualified for a facility grant. If the total amount to be dis-
14 tributed as facility grants does not exceed this limitation, any remaining amounts shall be expended
15 for expenses incurred by the Office of School Facilities as provided in ORS 326.125 (1).

16 (9) Each biennium, the Department of Education may expend from the State School Fund no
17 more than \$6 million for expenses incurred by the Office of School Facilities under ORS 326.125 (2)
18 to (6).

19 (10) Each fiscal year, the Department of Education shall transfer to the Pediatric Nursing Fa-
20 cility Account established in ORS 327.022 the amount necessary to pay the costs of educational
21 services provided to students admitted to pediatric nursing facilities as provided in ORS 343.941.

22 (11) Each fiscal year, the Department of Education shall transfer the amount of \$35 million from
23 the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

24 (12)(a) Each biennium, the Department of Education shall transfer \$33 million from the State
25 School Fund to the Network of Quality Teaching and Learning Fund established under ORS 342.953.

26 (b) For the purpose of making the transfer under this subsection:

27 (A) The total amount available for all distributions from the State School Fund shall be reduced
28 by \$5 million;

29 (B) The amount distributed to school districts from the State School Fund under this section and
30 ORS 327.013 shall be reduced by \$14 million; and

31 (C) The amount distributed to education service districts from the State School Fund under this
32 section and ORS 327.019 shall be reduced by \$14 million.

33 (c) For each biennium, the amounts identified in paragraph (b)(B) and (C) of this subsection shall
34 be adjusted by the same percentage by which the amount appropriated to the State School Fund for
35 that biennium is increased or decreased compared with the preceding biennium, as determined by
36 the Department of Education after consultation with the Legislative Fiscal Officer.

37 (13) Each biennium, the Department of Education shall transfer \$12.5 million from the State
38 School Fund to the Statewide English Language Learner Program Account established under ORS
39 327.344.

40 (14) Each fiscal year, the Department of Education may expend up to \$550,000 from the State
41 School Fund for the contract described in ORS 329.488. The amount distributed to education service
42 districts from the State School Fund under this section and ORS 327.019 shall be reduced by the
43 amount expended by the department under this subsection.

44 (15) Each biennium, the Department of Education may expend up to \$350,000 from the State
45 School Fund to provide administration of and support for the development of talented and gifted

1 education under ORS 343.404.

2 (16) Each biennium, the Department of Education may expend up to \$150,000 from the State
3 School Fund for the administration of a program to increase the number of speech-language
4 pathologists and speech-language pathology assistants under ORS 348.394 to 348.406.

5 (17) Each fiscal year, the Department of Education shall transfer the amount of \$2.5 million from
6 the State School Fund to the Small School District Supplement Fund established in section 3, chap-
7 ter 735, Oregon Laws 2013.

8 **SECTION 5.** ORS 327.008, as amended by section 7, chapter 735, Oregon Laws 2013, section 7,
9 chapter 81, Oregon Laws 2014, section 2, chapter 68, Oregon Laws 2015, section 38, chapter 245,
10 Oregon Laws 2015, section 2, chapter 555, Oregon Laws 2015, section 11, chapter 604, Oregon Laws
11 2015, section 2, chapter 644, Oregon Laws 2015, and section 8, chapter 783, Oregon Laws 2015, is
12 amended to read:

13 327.008. (1)(a) There is established a State School Fund in the General Fund.

14 (b) The Department of Education, on behalf of the State of Oregon, may solicit and accept gifts,
15 grants, donations and other moneys from public and private sources for the State School Fund.
16 Moneys received as provided in this paragraph shall be deposited into the State School Fund.

17 (c) The State School Fund shall consist of moneys appropriated by the Legislative Assembly,
18 moneys transferred from the Education Stability Fund **and the Oregon Marijuana Account** and
19 moneys received as provided in paragraph (b) of this subsection.

20 (d) The State School Fund is continuously appropriated to the Department of Education for the
21 purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348, 336.575,
22 336.580, 336.635, 343.243, 343.533, 343.941 and 343.961.

23 (2) There shall be apportioned from the State School Fund to each school district a State School
24 Fund grant, consisting of the positive amount equal to a general purpose grant and a facility grant
25 and a transportation grant and a high cost disabilities grant minus local revenue, computed as pro-
26 vided in ORS 327.011 and 327.013.

27 (3) For the first school year after a public charter school ceases to operate because of dissol-
28 ution or closure or because of termination or nonrenewal of a charter, there shall be apportioned
29 from the State School Fund to each school district that had sponsored a public charter school that
30 ceased to operate an amount equal to the school district's general purpose grant per extended
31 ADMw multiplied by five percent of the ADM of the public charter school for the previous school
32 year.

33 (4) There shall be apportioned from the State School Fund to each education service district a
34 State School Fund grant as calculated under ORS 327.019.

35 (5) All figures used in the determination of the distribution of the State School Fund shall be
36 estimates for the same year as the distribution occurs, unless otherwise specified.

37 (6) Numbers of students in average daily membership used in the distribution formula shall be
38 the numbers as of June of the year of distribution.

39 (7) A school district may not use the portion of the State School Fund grant that is attributable
40 to the facility grant for capital construction costs.

41 (8) The total amount of the State School Fund that is distributed as facility grants may not ex-
42 ceed \$9 million in any biennium. If the total amount to be distributed as facility grants exceeds this
43 limitation, the Department of Education shall prorate the amount of funds available for facility
44 grants among those school districts that qualified for a facility grant. If the total amount to be dis-
45 tributed as facility grants does not exceed this limitation, any remaining amounts shall be expended

1 for expenses incurred by the Office of School Facilities as provided in ORS 326.125 (1).

2 (9) Each biennium, the Department of Education may expend from the State School Fund no
3 more than \$6 million for expenses incurred by the Office of School Facilities under ORS 326.125 (2)
4 to (6).

5 (10) Each fiscal year, the Department of Education shall transfer to the Pediatric Nursing Fa-
6 cility Account established in ORS 327.022 the amount necessary to pay the costs of educational
7 services provided to students admitted to pediatric nursing facilities as provided in ORS 343.941.

8 (11) Each fiscal year, the Department of Education shall transfer the amount of \$35 million from
9 the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

10 (12)(a) Each biennium, the Department of Education shall transfer \$33 million from the State
11 School Fund to the Network of Quality Teaching and Learning Fund established under ORS 342.953.

12 (b) For the purpose of making the transfer under this subsection:

13 (A) The total amount available for all distributions from the State School Fund shall be reduced
14 by \$5 million;

15 (B) The amount distributed to school districts from the State School Fund under this section and
16 ORS 327.013 shall be reduced by \$14 million; and

17 (C) The amount distributed to education service districts from the State School Fund under this
18 section and ORS 327.019 shall be reduced by \$14 million.

19 (c) For each biennium, the amounts identified in paragraph (b)(B) and (C) of this subsection shall
20 be adjusted by the same percentage by which the amount appropriated to the State School Fund for
21 that biennium is increased or decreased compared with the preceding biennium, as determined by
22 the Department of Education after consultation with the Legislative Fiscal Officer.

23 (13) Each biennium, the Department of Education shall transfer \$12.5 million from the State
24 School Fund to the Statewide English Language Learner Program Account established under ORS
25 327.344.

26 (14) Each fiscal year, the Department of Education may expend up to \$550,000 from the State
27 School Fund for the contract described in ORS 329.488. The amount distributed to education service
28 districts from the State School Fund under this section and ORS 327.019 shall be reduced by the
29 amount expended by the department under this subsection.

30 (15) Each biennium, the Department of Education may expend up to \$350,000 from the State
31 School Fund to provide administration of and support for the development of talented and gifted
32 education under ORS 343.404.

33 (16) Each biennium, the Department of Education may expend up to \$150,000 from the State
34 School Fund for the administration of a program to increase the number of speech-language
35 pathologists and speech-language pathology assistants under ORS 348.394 to 348.406.

36 **SECTION 6. (1) Notwithstanding section 44 (3)(b)(A), chapter 1, Oregon Laws 2015, 10**
37 **percent of the moneys transferred to the Oregon Marijuana Account that were collected**
38 **before July 1, 2017, must be transferred to the cities of this state in shares that reflect the**
39 **population of each city of this state compared to the population of all cities of this state on**
40 **July 1, 2017, as determined by Portland State University under ORS 190.510 to 190.610.**

41 **(2) Notwithstanding section 44 (3)(b)(B), chapter 1, Oregon Laws 2015, 10 percent of the**
42 **moneys transferred to the Oregon Marijuana Account that were collected before July 1, 2017,**
43 **must be transferred to the counties of this state in shares that reflect the population of each**
44 **county of this state compared to the population of all counties of this state on July 1, 2017,**
45 **as determined by Portland State University under ORS 190.510 to 190.610.**

1 **SECTION 7.** Section 6 of this 2017 Act is repealed on January 1, 2018.

2 **SECTION 8.** The amendments to section 44, chapter 1, Oregon Laws 2015, by section 3
3 of this 2017 Act apply to moneys transferred or used by the Department of Revenue on or
4 after the effective date of this 2017 Act.

5 **SECTION 9.** This 2017 Act being necessary for the immediate preservation of the public
6 peace, health and safety, an emergency is declared to exist, and this 2017 Act takes effect
7 on its passage.

8
