
Background

The Oregon Department of Revenue administers the Oregon Marijuana Tax, a 17% tax on marijuana items sold by Oregon Liquor Control Commission (OLCC) licensed marijuana retailers. The tax is collected from consumers by the retailer and held in trust until remitted to the department. Retailers are allowed to retain 2% of the tax collected to offset the costs of collecting the tax from consumers and reporting and remitting to the department. The department issues distributions quarterly pursuant to ORS 475B.759, and receipts are projected by the Oregon Office of Economic Analysis to exceed \$300M in the 19-21 biennium.

Measure 91 (2014)

The initial distribution breakdown of revenue from legalized marijuana was set by Measure 91 and modified slightly over the next few legislative sessions. The Department of Revenue is required to recover the costs of administering the tax and issue a fixed quarterly distribution to OLCC and the Criminal Justice Commission (CJC).

Prior to Measure 110 the distribution was divided as follows.

- 40% transferred to the Common School Fund
- 20% transferred to the Oregon Health Authority
- 15% to the Oregon State Police Account
- 10% to cities
- 10% to counties
- 5% to the Oregon Health Authority

Measure 110 (2020)

Measure 110 modifies the Measure 91 distributions by capping the quarterly distributions to Measure 91 recipients at \$11,250,000.00. The excess is directed to the new Drug Treatment and Recovery Services Account. This means all future distributions to Measure 91 recipients will total \$90M per biennium.

As projected by the Office of Economic Analysis for the 21-23 biennium:

- \$36M transferred to the Common School Fund
- \$18M for Mental Health, Alcoholism, and Drug Services
- \$13.5M to the Oregon State Police Account
- \$9M to cities
- \$9M to counties
- \$4.5M to the Oregon Health Authority
- \$228.45M to the Drug Treatment and Recovery Services Fund

House Bill 3112 (2021)

HB 3112 would modify the Measure 110 changes by first redirecting 25% of the \$11,250,000 to the new Cannabis Equity Fund. The remaining 75% of the \$11,250,000 would continue to be distributed under the 40/20/15/10/10/5 method, with the 15% amount deposited in the Cannabis Equity Fund. Using the projected revenues from the Office of Economic Analysis for the 21-23 biennium the changes would mean:

- \$22.5M deposited in the Cannabis Equity Fund
- \$10.125M deposited in the Cannabis Equity Fund (formerly Oregon State Police)
- \$27M for the uses described in ORS 329.841-ORS 329.845 (formerly School Fund).
- \$13.5M for Mental Health, Alcoholism, and Drug Services
- \$6.75M to cities
- \$6.75M to counties
- \$3.375M to the Oregon Health Authority
- \$228.45M to the Drug Treatment and Recovery Services Fund

The bill also reduces the amounts distributed quarterly to OLCC and CJC by a combined \$62,500 quarterly or \$500,000 in the biennium. OLCC would receive \$350K less in the 21-23 biennium, CJC would receive \$150K less in the 21-23 biennium.

Recommendation

Section 51, page 27, lines 26-28 of HB 3112 as introduced reads 20 percent of the 40 percent, 10 percent of the 40 percent, and 10 percent of the 40 percent. We believe the intent is to be 50 percent of the 40 percent, 25 percent of the 40 percent, and 25 percent of the 40 percent to allocate 100 percent of the 40 percent to statewide education plans.