

## HB 3295 -1 STAFF MEASURE SUMMARY

### House Committee On Revenue

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**Meeting Dates:** 3/8, 4/22, 5/5

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#### WHAT THE MEASURE DOES:

Modifies city and county eligibility requirements for transfer of moneys from marijuana revenue. changes the condition from prohibiting any marijuana business to prohibiting all Marijuana business.

#### ISSUES DISCUSSED:

- Background on marijuana revenue distributions
- City and county opt out/in and affects on revenue sharing
- Unintended consequences of the county distribution formula
- Deschutes county vote issues and loss of revenue
- Measure 110 changes to revenue distributions and to the uses of revenue
- impacts on other counties as a result of changing the distribution formula
- Legal action and other potential remedies

#### EFFECT OF AMENDMENT:

-1 Replaces the measure. Simplifies the language in current law relative to M-110 revenue distribution. Allows for counties that did not opt out of allowing some marijuana businesses before Jan-1-2018, to continue receiving revenue distributions from the marijuana account, according to the existing formula, proportional to existing marijuana businesses.

#### BACKGROUND:

Marijuana revenue (prior to Measure 110 of 2020 election) were fully distributed, 40% to the State School Fund, 15% to state police, 10 % to mental health, and 5% to the health authority. The local distributions are 10 % to Counties and 10% to Cities to be distributed using a permanent formula. However, the first-year revenue distribution used a temporary formula based Solely on population. Revenue collected during first biennium (2015-17) was distributed per the first-year formula after all the costs for the OLCC and DOR are paid. HB 3470 of the 2017 session changed the distributions to cities and Counties in the following way:

(A) for Cities, 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 state that is not exempt compared to the population of all cities of this state that are not exempt from distribution due to opt out, 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) for counties, 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

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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.

The current distributions are not allowed for the cities or counties that prohibit the operation of any marijuana business. This measure changes that condition to prohibition of all marijuana businesses. For the counties the two part distributions are connected to different type of licenses, and the new condition makes those two pots of money connected to allowing licenses of each type.

License types are: 475B.070 Production license, 475B.090 Processor license, 475B.100 Wholesale license, 475B.110 (renumbered 475B.105 in 2017) Retail license.