

**SB 864 -1 STAFF MEASURE SUMMARY**

**Senate Committee On Finance and Revenue**

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**Prepared By:** Mazen Malik, Senior Economist

**Meeting Dates:** 5/20

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**WHAT THE MEASURE DOES:**

Increases maximum percentage of tax that governing body of city or county may impose on sale of marijuana items. Applies to marijuana items sold on or after January 1, 2022. Takes effect on 91st day following adjournment sine die.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

-1 If the governing body of a city by ordinance imposes or increases a tax or fee on the production, processing or sale of marijuana items, at least 20 percent of the proceeds of the tax or fee collected shall be transferred to the county in which the city is located providing the county is eligible to receive revenue distributions.

**BACKGROUND:**

HB 2041 of the 2015 session changed the tax that was approved by Measure-91 (Marijuana legalization Measure in 2014) from a harvest tax of (\$35/Oz) levied on producers to a point of sale tax (17%) levied on retailers. HB 2041 also allowed for local governments that choose to impose a local tax through a local ordinance a maximum local tax of 3% . This measure increases this 3% to a 10% maximum. In Fiscal year 2019 local taxes on Marijuana generated \$15.7 million to the local governments that levy them. while state collections in FY 2020 reached \$133 million, local taxes amounted to \$20.8 million.