

SB 864 A STAFF MEASURE SUMMARY

Carrier: Sen. Burdick, Sen. Findley

Senate Committee On Finance and Revenue

Action Date: 06/21/21
Action: Do pass with amendments. (Printed A-Eng.)
Vote: 5-0-0-0
Yeas: 5 - Boquist, Burdick, Findley, Riley, Wagner
Fiscal: Has minimal fiscal impact
Revenue: Revenue impact issued
Prepared By: Mazen Malik, Senior Economist
Meeting Dates: 5/20, 6/14, 6/21

WHAT THE MEASURE DOES:

Increases maximum percentage of tax that governing body of city or county may impose on sale of marijuana items to ten percent. Applies to marijuana items sold on or after January 1, 2022. Requires cities to transfer 20 percent of the proceeds of the increased tax or fee to counties. Requires that the county receiving the revenue transfer be eligible to receive revenue distributions under state law. Defines the receiving county as having both the city and the retail establishment within its area. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Measure 110 and its effects on Marijuana Revenue and local budgets
- City and county impacts
- History of opt in/out as all in or all out
- Revenue sharing between cities and counties
- Effects of business services on local budgets
- Cities on the borderers with other states
- Cites transfers to counties and other revenue sharing arrangements

EFFECT OF AMENDMENT:

If the governing body of a city by ordinance imposes or increases a tax or fee on the sale of marijuana items, 20 percent of the proceeds of the tax or fee collected shall be transferred to the county in which the city and the retail establishment are 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.