

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
81st Oregon Legislative Assembly
2022 Regular Session
Legislative Revenue Office

Bill Number:	HB 4016 - 6
Revenue Area:	Marijuana
Economist:	Mazen Malik
Date:	02-13-2022

*Only Impacts on Original or Engrossed
Versions are Considered Official*

The revenue impact of this measure is indeterminate for the following reasons:

The amendment allows the OLCC to stop issuing different kind of licenses to marijuana businesses based on the report of marijuana supply and demand. It is likely that the OLCC would be able to calibrate the market in a way that does not impact quantities or prices. However, if the OLCC actions result in supply restrictions, then it might result in an increase of prices which will increase the amounts of revenue, because the tax is a percentage of the retail price. It also could drive an increased activity in the black (untaxed) market which will impact revenue negatively. On the other hand, the increase in production and the number of marijuana businesses might increase supplies to exert a down pressure on prices and consequently the (price dependent) tax revenues. Moreover, a large number of competing business can cause failures, with inability to pay bills, and quicker consolidation in the market. Thus, the impact of this measure can be positive or negative with a likelihood of no impact.