

HB 4056 STAFF MEASURE SUMMARY

Carrier: Rep. Nathanson

House Committee On Revenue

Action Date: 02/08/22

Action: Do Pass.

Vote: 7-0-0-0

Yeas: 7 - Levy, Marsh, Nathanson, Pham, Reschke, Smith G, Valderrama

Fiscal: No fiscal impact

Revenue: Revenue impact issued

Prepared By: Mazen Malik, Senior Economist

Meeting Dates: 2/3, 2/8

WHAT THE MEASURE DOES:

Requires annual adjustment for inflation of amount to be retained, for distribution to cities, counties and other entities from Oregon Marijuana Account, prior to transfer of remainder of account balance to Drug Treatment and Recovery Services Fund. Applies to distributions from Oregon Marijuana Account beginning in 2023. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Measure 110 of 2020 impacts on revenue to other uses.
- Workgroup during the interim.
- Revenue reductions to cities caused by M-110.
- Revenue impacts to counties.
- Implementation date of the bill.
- No new revenue just redistribution of existing revenue.

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Marijuana revenue (prior to Measure 110 of the 2020 general election) was fully distributed according to the following permanent formula established by Measure 91 (2014):

- 40% to the State School Fund.
- 15% to state police.
- 20 % to mental health treatment or for alcohol and drug abuse prevention, early intervention, and treatment.
- 5% to the health authority for purposes related to alcohol and drug abuse prevention, early intervention, and treatment services.
- 10 % to Counties and
- 10% to Cities.

Measure 110 established the Drug Treatment and Recovery Services Fund (DTRSF) as a new additional use for marijuana revenues. The measure also established a minimum of \$57 million to be transferred into the DTRSF in the first year. After that first year, the measure specified that the minimum annual transfers are to be increased in conjunction with inflation adjustment using the CPI (Consumer Price Index). Therefore, the \$114 million for each biennium minimum will be adjusted to inflation. However, in another section of the measure, the amount specified to be distributed using the permanent formula was limited to \$45 million per fiscal year, and the remainder of the marijuana revenue is sent to the DTRSF. That Cap on the formula distribution however, was not allowed any future increases or inflation adjustment.

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This measure introduces the same inflation adjustment used in M-110 (monthly averaged U.S. City Average Consumer Price Index for the 12 consecutive months ending August 31 of the prior calendar year) to adjust minimum DTRSF, as a method to adjust the \$90 million which are distributed according to the permanent formula. This inflation adjustment to the formula distribution cap is meant to start with the 23-25 biennium. This inflation adjustment is applied to existing marijuana revenue.