

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

Bill Number: HB 4074 - A
Revenue Area: Marijuana
Economist: Mazen Malik
Date: 02-22-2022

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

Measure Description:

Requires employee or worker of marijuana licensee to report human trafficking on licensed premises to Oregon Liquor and Cannabis Commission.

Revenue Impact (in \$Millions):

This measure has the impact of changing the distribution between the programs using existing marijuana revenue. No new revenue is introduced or reduced by this measure.

	2023-25	2025-27	2027-29
OLCC	\$ 6.13	\$ 7.00	\$ 7.00
OCJC	\$ 5.25	\$ 6.00	\$ 6.00
Total to IMMEGP	\$ 11.38	\$ 13.00	\$ 13.00
Reduction to DTRSF	(\$11.38)	(\$13.00)	(\$13.00)

Impact Explanation:

Marijuana revenue is distributed to several programs. Measure-91 of 2014 legalized commercial marijuana and established a permanent distribution formula. The revenue was to be distributed in the following fashion: 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.

The 2018 session established funding for the Illegal Marijuana Market Enforcement Grant Program (**IMMEGP**) Funding. That funding went to the Oregon Liquor and Cannabis Commission (**OLCC**) at a quarterly amount of \$875,000, and the Oregon Criminal Justice Commission (**OCJC**) at a quarterly amount of \$375,000. The amount going to the OCJC was raised to \$750,000 during the 2021 session. Those combined transfers of \$1,625,000 per quarter were set to sunset after the Oct-1-2023 transfer. Section 10 (2) of this proposed measure removes the

sunset and makes the transfer to the IMMEGP permanent. This repeal represents seven quarters in the 2023-25 biennium (\$11.4 million) and full eight quarters of transfers (\$13 million) in the following biennia. The revenue coming off the top of the marijuana revenue, and going to the IMMEGP, will reflect as a reduction in the net transfers to the Oregon Marijuana Account.

However, Measure-110 (passed in 2020) established the Drug Treatment and Recovery Services Fund (**DTRSF**) as a new additional use for marijuana revenues. The measure also established a cap of \$90 million a biennium for funds using the permanent formula. The remainder of the marijuana revenue is sent to the DTRSF. As a result of the new distribution method under M-110, the permanent formula distributions will continue to receive \$90 million a biennium, while most of the reduction in the marijuana account (as shown in the table) will be reflected as a reduction in the transfer to the Drug Treatment and Recovery Services Fund (DTRSF).

Creates, Extends, or Expands Tax Expenditure: Yes No