



Cities Support HB 4056

With the passage of Measure 110 there has been a massive reduction in allocations of state marijuana tax distributions to local government.

- The state imposes a 17% tax on recreational marijuana, local governments are limited to a 3% tax with voter approval.
- Until the end of 2020 cities and counties each received 10% of net *state* tax revenues, so 20% total. Under Measure 110 the distribution to cities and counties was reduced to a flat \$9M annually, which is not indexed and will not grow with the market.

Cities and counties will lose over \$50M in state marijuana revenue for the 2021-23 biennium, a reduction of over 73%.

- The December OEA forecast projects over \$340.4M in state tax revenue (net of administrative cost) for the 2021-23 biennium.
- Before Measure 110 cities and counties would have each received 10%, or about \$68.1M total for the biennium, instead locals will receive \$18M.

HB 4056 is a good first step but does not backfill local losses.

- Cities appreciate and support the change in HB 4056 to index the reduced distributions to the Consumer Price Index, that change alone will not replace the \$50M in projected revenue loss though it may prevent the loss from growing in future biennia.

City revenues are struggling due to the pandemic and longstanding issues with the property tax system, Measure 110 is only making these problems worse. Cities need the Legislature's help.

- Cities will continue to advocate to bring local distributions of the 17% state marijuana tax back to Pre-Measure 110 levels. In the short-term this could be accomplished with a one-time \$50M allocation, a long-term fix will likely require changes in the Measure 110 distribution schedule.
- Consistent with our position even before Measure 110, cities also support SB 1506 to allow local voters to increase local marijuana taxes from the current maximum of 3% up to a possible 10%.

LOC Contact

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