

# Marijuana Revenue

The OLCC is also tasked to implement the Marijuana legalization initiative (Measure 91) which was passed in 2014. That implementation was reconfigured and embellished by HB 3400 of the 2015 session. HB 2041 changed the method of taxation from a \$35 per ounce (Production/Severance tax) collected by the OLCC to a 17% Point of Sale Tax (POST) collected by DOR. The bill also allowed 3% optional tax for local governments that allow marijuana sales starting in 2017.

Full implementation of commercial sales was to commence on the first day of 2017, however, SB 460 allowed for marijuana to be sold during the 2016 calendar year by medical dispensaries. The early start program to the public was taxed at 25% POST rate. The early start program brought in about \$65 million in tax proceeds.

Since the beginning of legalization by M-91, The distribution of marijuana revenue, after deductions for collection and administration costs, would be divided among six statutorily specified uses. Drug abuse and prevention will get 5% of funds, cities and counties will each get 10% and then distributed among different cities and counties that don't prohibit marijuana based on statutory specified formula, 15% goes to the state police, 20% to mental health account, and 40% to the state school fund (after it was changed from the Common School Fund).

**Measure 110** was passed by voters in 2020, and it capped the distributions to the above specified uses to \$11.25 million a quarter. All revenue above that \$90 million a biennium threshold would be directed to the Drug Treatment and Recovery Services Fund. The 2022 session (HB 4056) allowed for that annual \$45 million cap to be adjusted annually for inflation.

A portion of the cost incurred by the OLCC for regulation, enforcement, compliance, and licensing is funded by the (\$25 million) Licenses fees on marijuana businesses (more than 20 different kinds), while the remainder of the OLCC costs as well as DOR collection costs are covered from the tax revenue collected. The 2021 session allowed for Illegal Marijuana Market Enforcement Grant to be taken off the top of revenue before distributions, and the 2022 session (HB 4074) removed the sunset from that provision. Marijuana Retailers may retain 2% of taxes they collect from the consumer to cover their cost of collecting and remitting the taxes.

## Marijuana Tax Revenue

	State Totals	Local Tax Total
<b>FY 2016</b>	\$20,652,983	
<b>FY 2017</b>	\$70,263,897	\$3,957,283
<b>FY 2018</b>	\$82,203,729	\$12,784,127
<b>FY 2019</b>	\$102,094,948	\$15,702,985
<b>FY 2020</b>	\$133,150,349	\$20,767,346
<b>FY 2021</b>	\$178,262,488	\$28,001,433
<b>FY 2022</b>	\$170,572,100	\$26,876,865

Legal marijuana sales exceeded a billion-dollar in the last two years, and gross Marijuana tax revenue are expected to exceed \$170 million in an average fiscal year. However, the strength witnessed during the COVID pandemic times seem to be weakening as the state returns to more business as usual. On the local level, there are 109 cities and counties that impose a local marijuana tax (97 cities, and 12 counties). DOR administers about 83% of local governments taxes amounting to 90% of the total taxes.

## Marijuana Revenue Distributions

	Local Tax	State Tax							State Tax Total
	Cities/Counties Where DOR Collects the Local Tax	Drug Treatment and Recovery Services Fund	State School Fund (40%)	Mental Health, Alcoholism, and Drug Services (20%)	Oregon State Police (15%)	Oregon Health Authority, for Drug Treatment and Prevention	Cities and Counties		
							By Population	If Opt-In	
<b>2018</b>	\$12,201,753	\$0	\$59,012,830	\$29,506,415	\$22,129,811	\$7,376,604	\$16,705,653	\$12,800,761	\$147,532,074
<b>2019</b>	\$15,079,769	\$0	\$21,974,370	\$10,987,185	\$8,240,389	\$2,746,796	\$0	\$18,649,711	\$62,598,451
<b>2020</b>	\$19,311,190	\$0	\$45,209,772	\$22,604,896	\$16,953,657	\$5,651,219	\$0	\$23,918,063	\$114,337,607
<b>2021</b>	\$27,384,204	\$64,579,753	\$43,230,078	\$21,615,079	\$16,211,249	\$5,403,750	\$0	\$21,384,337	\$172,424,247
<b>2022</b>	\$27,931,614	\$121,941,155	\$18,000,000	\$9,000,000	\$6,750,000	\$2,250,000	\$0	\$9,000,000	\$166,941,155