

**REVENUE IMPACT OF  
PROPOSED LEGISLATION  
82nd Oregon Legislative Assembly  
2023 Regular Session  
Legislative Revenue Office**

|                      |                    |
|----------------------|--------------------|
| <b>Bill Number:</b>  | <b>HB 2516 - A</b> |
| <b>Revenue Area:</b> | <b>Marijuana</b>   |
| <b>Economist:</b>    | <b>Mazen Malik</b> |
| <b>Date:</b>         | <b>04-05-2023</b>  |

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

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

The measure allows for tourism centers to be created by marijuana producers. The tourism centers can offer free samples of 3.5 grams for individuals touring production facilities. Actual marijuana would not be allowed to be sold on these tours, but marijuana related items would be. This is likely to spur a cottage cannabis tour industry which has the tendency to increase familiarity with certain brands and increase market awareness. While market differentiation does not increase overall sales on its own, the increased familiarity with marijuana brands and production might stimulate further demand by consumers and foster a willingness to pay higher prices for certain products. On the other hand, if the marijuana markets have actually reached a degree of saturation as suggested by the recent weakness in overall demand, then the free samples in these tours might work to cannibalize some of the existing retail sales which, in turn, could reduce the resulting tax receipts.

Deliveries to hotels and inns are likely to be a boon for sales, but they also have the tendency to sap existing direct retail shop visits and sales. It could work as a substitutional effect for consumer satisfaction and attraction rather than propel new demand and new sales.

Tradeshows' direct deliveries might reduce the overall cost of the final products, which might result in lower retail price and increased sales. However, sales at a lower price will reduce the tax revenue because the tax is a percentage of the price of the products. Thus, the two effects of increased sales and lower prices will effectively work in opposite directions.