

January 31, 2023

Chair Bynum, Members of the Committee,

My name is Les Helgeson and I'm writing to ask that you oppose HB 2505 as written. Increased sales taxes will only hurt the cannabis industry, adding more financial stress in an already brutal market. This bill would make it harder for small businesses to be price competitive with the illicit market, create more financial instability for us, and hurt our ability to innovate and expand.

Indeed, implementation of a sales tax in the first place by the so-called M91 Joint Committee was a huge mistake. I am therefore requesting the Committee consider amending HB 2505 so as to both help economic development/small business opportunity and better address current challenges facing all of us today.

The cannabis sales tax is unique and regressive. It should be abolished altogether. Voters have consistently rejected sales tax proposals generally for decades now. It's just not the Oregon way.

The current tax needs to be replaced with a wholesale tax, perhaps still paid by retailers but only on cannabis products received. This would greatly alleviate the unnecessary expense and hassle of taxing every sale on top of the ridiculous CTS system in place.

I would also suggest that all cannabis tax revenues be used solely for funding mental health, addiction and homelessness services. If I'm not mistaken, both the legislature and our Governor have established such services as our top priority this session.

The sad truth is that counties, cities and the state have failed miserably to address these issues until now, despite cannabis revenues being allocated to various police agencies and schools. We can and must do better!

I envision a wholesale tax paid directly to the state without the mish-mash of legislatively directed funding priorities. As with many other health related services, the state would fund appropriate county/city partner agencies to address mental health and addiction services along with measures addressing our heartbreaking homeless problem.

Rather than increase our insane tax burden, I'd suggest we increase the amount currently allocated for M110 and related services and decrease the overall tax amount to perhaps 10% (subject to further refinement of course). This would address both industry concerns with illicit market competition and the state's goal of funding our collective homeless problem(s).

Thank you for your consideration of my comments.