

Submitter: Lori Rietze

On Behalf Of: Hippy Trip

Committee: House Committee On Economic Development and Small Business

Measure: HB2505

I am a small business owner in the cannabis industry and I strongly oppose HB2505. The Oregon Cannabis market is struggling right now and an additional tax increase is not what the industry needs. The cannabis industry faces barriers to profitability and growth that no other industry has to deal with; including lack of access to banking services and the inability to deduct ordinary business expenses on federal taxes. These barriers are burdensome enough and all cannabis operators struggle to stay afloat. By raising taxes, it will more than likely be the breaking point for a lot of the small operators. You will see more businesses having to lay off staff to absorb the costs of this tax increase and it will accelerate the market consolidation, as bigger corporations will keep buying up all of the struggling smaller operators. As a direct result Oregon will be left with just a few big corporations that will control most all of the cannabis market. This consolidation was not the vision that was laid out when cannabis first went legal in Oregon.

Marijuana is already taxed high enough. Even at a 20% tax rate it is still hard to be competitive with the illicit market and raising it to 27% would be disastrous. Look at California, their taxes are so high that the cannabis operators can't even come close to competing with the illicit market. It is so bad, that some cities and counties in California have suspended their local sales tax to give relief to cannabis operators.

Another huge concern is that the legislation allows it to be a sliding scale so that local jurisdictions can have the option to enact up to a 10% rate. This has the enormous potential to kill all businesses in jurisdictions that have higher sales tax rates than their neighboring jurisdictions, as customers will shop in towns that have the lowest sales tax rate.

It is also very important to note that raising the sales tax seems to simply be motivated by greed of the local jurisdictions bordering Idaho that are wanting to cash in on this boom. These border towns are only booming as a direct result of the influx of Idaho residents coming into Oregon to make their purchases and then promptly crossing the border illegally back into Idaho. The second that Idaho becomes legal, these border towns will no longer see these exponential numbers they are seeing now. Sales will rapidly drop down to normal levels that are representative of their smaller rural populations. Don't tax all Oregonians and kill small businesses for the sake of Idaho.

To raise the marijuana tax on all Oregonians, who are still hurting in this uncertain economy with high gas prices and inflation on food prices, is simply not the Oregon

way.

The cannabis industry already pays more than its fair share of taxes. Please Vote No on HB 2505