



## ALEX CUYLER

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Intergovernmental Relations Manager  
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DATE: March 11, 2019  
TO: House Committee on Economic Development  
RE: HB 2382, relating to county taxes on marijuana production sites

Chair Lively and Members of the Committee:

Lane County is in support of HB 2382 as introduced. We do not find the -2 amendment to add any value to the bill.

We would like to thank the Committee for holding today's hearing. We want to recognize the desire, as evidenced by a host of measures in both chambers of the Legislature, to continue to evolve the recreational marijuana industry within Oregon. As with many agricultural and forest products, Oregon is a leader in producing high quality and high volumes of this product, particularly within the southwest counties. This stated, the state policy with respect to marijuana taxation, in particular when it comes to counties, is in need of attention first. HB 2382 would provide needed revenue within targeted counties for impacts stemming from legalization.

It is important for the Committee to understand that the southwestern Oregon counties where the majority of marijuana is produced are the same counties that the Legislature for years addressed as "counties in fiscal distress". Historically, these counties needed relatively little property tax revenue due to the presence of federally owned and managed timberlands that produced a consistent share of federal revenues. These revenues came almost to a crashing halt with the listing of the Northern Spotted Owl as an endangered species in the mid 1980's. The loss of that revenue had dramatic impacts on the delivery of public safety and public health services as well as impacting dedicated funding for roads and schools. HB 2382 recognizes this dynamic and includes a trigger that only allows the most timber dependent counties as eligible. Moreso, it then provides for a public vote to occur prior to the implementation of new local taxation.

With the passage of Measure 90 counties and cities share 20% of the state tax revenue levied at retail. As the legislature more fully evolved that voter initiative, there also came state policy that allowed a local add-on tax of up to 3% at retail. Note, however, that policy only allows a county tax to be applied within unincorporated areas. Inside the Eugene and Springfield metropolitan area, there is some 70 or so retailers, while in Lane County, there are just four. This imbalance is partially why HB 2382 is necessary. Retail sales occur inside cities, and production largely occurs in the more rural areas. There are significant impacts from production in terms of public safety and nuisance issues that Lane County has struggled to adequately resource.

As the state mandated authority for public health and mental health services, HB 2382 is a potential solution to address marijuana legalization impacts that we are experiencing and in our view is a foundational piece of legislation that should be passed in advance of further discussions about expanding access to marijuana through new venue types.

**SUBMITTED ELECTRONICALLY**