

16.001 MARIJUANA PURCHASED FOR MEDICAL USE

Oregon Statute: 475B.707

Sunset Date: 12-31-2021 (see description)

Year Enacted: 2016

	State	Local	Total
2019-21 Revenue Impact:	\$32,900,000	\$5,800,000	\$38,700,000
2021-23 Revenue Impact:	\$8,600,000	\$1,500,000	\$10,100,000

NOTE: The revenue impact estimate includes the effect of the sunset.

DESCRIPTION: Retail sales of usable marijuana or marijuana items are not subject to the marijuana tax when made to people who hold a valid medical marijuana patient or caregiver card issued by the Oregon Health Authority. This tax exemption applies to both state and local marijuana taxes. Although the law exempting medical marijuana only became effective in 2016, medical marijuana was not taxed before that time either. The introduction of taxed recreational marijuana sales in 2016 led to an opportunity to distinguish between taxed and untaxed marijuana sales.

This provision may not meet the definition of a tax expenditure in ORS 291.201. If it is a tax expenditure under that definition, then the legislation enacting this statute did not expressly provide a period of applicability for this tax expenditure. ORS 315.037(3) would then establish that this tax expenditure shall apply for a maximum of six years beginning with the initial applicable tax year. In this case, the last applicable tax year would be 2021.

PURPOSE: The statute that allows this expenditure does not explicitly state a purpose. Presumably, the purpose is to preserve access to medical marijuana in a similar manner as it was available prior to the legalization of recreational marijuana. As the patient pays a fee for the card, the exemption prevents taxation on top of funds already paid, so medical marijuana cardholders are not paying twice to access medical products.

WHO BENEFITS: Medical marijuana cardholders who make retail purchases of usable marijuana or marijuana items and who have been authorized by the Oregon Health Authority to use marijuana in the treatment of a debilitating medical condition. More than 23,000 people held a medical marijuana patient card as of July 2020, and nearly 8,800 people held a caregiver card.

IN LIEU: Medical marijuana cardholders must pay an annual fee for a medical marijuana card. Card fees for patients total approximately \$2.14 million annually. Approximately 45 percent of patients pay full price for the annual fee.

EVALUATION: *provided by the Oregon Health Authority*

Registered medical marijuana patients pay an annual registration fee of \$200 or a reduced fee, between \$20-\$60, depending on their qualifying status. The fees paid by the patient support the administration of the medical marijuana program which includes registration of patients and regulatory oversight of medical marijuana grow sites and facilities. The patient fees supplant the need for a tax on medical marijuana products sold at retail locations since the fees pay for the administration of the program. The tax exemption from sales of medical marijuana to registered patients would alleviate the financial burden on patients with a medical necessity who already pay a fee to access medical marijuana.