

## HB 2014 STAFF MEASURE SUMMARY

### House Committee On Revenue

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**Prepared By:** Mazen Malik, Senior Economist

**Meeting Dates:** 3/4

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#### **WHAT THE MEASURE DOES:**

Provides for distribution of moneys in Oregon Marijuana Account to certain cities determined by population and location of city and based on share of retail sales of marijuana items in state, as exception to standard distributions based on city share of population and of licenses for marijuana-related businesses.

Applies to distributions from account occurring in calendar quarters beginning on or after January 1, 2022, and before July 1, 2027.

Takes effect on 91st day following adjournment sine die.

#### **ISSUES DISCUSSED:**

#### **EFFECT OF AMENDMENT:**

No amendment.

#### **BACKGROUND:**

The Marijuana legalization ballot measure M-91 of 2014, foresaw a 40% distribution to schools, it also dedicates 15% to state police, 10 % to mental health, and 5% to the health authority. The measure maintains 10 % to Counties and 10% to Cities to be distributed using a permanent formula. However, the first-year distribution uses a temporary formula based Solely on population. Revenue collected during first biennium (2015-17) was distributed according to the first-year formula. HB 3470 of the 2017 session Changed the distributions to cities and Counties. For cities the distribution formula became a function of both population and the number of Marijuana Business licenses in each city.

The enhanced formula starts with limiting the distributions to the cities that do not opt out of allowing Marijuana business to operate within the city. then the ten percent of the moneys in the account that are going to the cities must be transferred in the following shares: Seventy-five percent of the 10 percent must be transferred in shares that reflect the population of each city of this state that is not exempt compared to the population of all cities of this state that are not exempt from distribution due to opt out, and Twenty-five percent of the 10 percent must be transferred in shares that reflect the number of licenses held pursuant to ORS 475B.070, 475B.090, 475B.100 and 475B.110.

This Measure adds a new distribution schema to the marijuana revenue and the within the city revenue distribution process.