



Oregon Retailers of Cannabis Association

www.oregoncannabisretailers.com

541-632-4442

Chair Nathanson, and Members of the House Committee on Revenue:

Thank you all for allowing us to speak this afternoon. For the record, my name is Casey Houlihan and I am the Executive Director of the Oregon Retailers of Cannabis Association (ORCA), the largest trade association of cannabis businesses in Oregon, representing over 500 different member businesses – primarily retailers, but we have members throughout the supply chain of all license types and all sizes, from big businesses to mom and pop stores – located in every corner of the state.

We are here today to express our strong opposition to HB 2294.

HB 2294 seeks to add an additional layer of taxation on our nascent industry at the wholesale level. However, doing so would create several unintended consequences – many of which were carefully considered by your colleagues and predecessors in the legislature during the implementation of Measure 91 in 2015, at which time it was decided - for many reasons - that a single layer of taxation at the retail level was the most sensible and least burdensome method of applying taxes. This determination was made after carefully studying the multi-layered tax structure implemented by our neighbors in the state of Washington, and learning from some of their early mistakes.

The current system of a single, point of sale, retail tax reduces the overall burden on cannabis businesses upstream in the supply chain from having to interface with the Department of Revenue – which, in an industry that is already forced to operate predominantly-if-not-entirely in cash, can be costly and burdensome, often requiring employees from businesses operating in disparate parts of the state to drive great distances with large amounts of cash in order to make regular tax payments.

The bill would also create a patchwork system that would result in some producers and wholesalers being taxed somewhat capriciously simply for selling their product into markets outside of their county of origin, while others – including those in the Portland and Eugene metro areas (the largest consumer markets in the state) – would not be required to pay this wholesale tax. The net result of this patchwork would actually be a market disadvantage to producers, processors, and wholesalers operating in the rural areas of our state with the highest production outputs.

Further, the increased costs from this additional layer of taxation are most likely to be passed along to consumers, which will drive up prices and decrease profits for already-stressed businesses, and displace even more consumers from the already fragile legal market – given the ready availability of illicit market cannabis here in the state. It is for these reasons that we strongly oppose HB 2294.

Thank you for your consideration and I am happy to answer any questions you have at this time.

Respectfully,

Casey Houlihan
Executive Director, Oregon Retailers of Cannabis Association.