



May 20, 2021

Members of the Senate Finance and Revenue Committee
900 Court St., NE
Salem, OR 97301

Submitted via electronic mail

Chair Burdick, Vice-Chair Boquist, Members of the Senate Finance and Revenue Committee:

On behalf of the Association of Oregon Counties (AOC), representing Oregon's 36 county governments, I write today in support of SB 864 with the -1 amendment.

SB 864 **allows** a city or county to increase the maximum percentage of the local tax imposed on the sale of marijuana items from the current cap of 3% to 10%. As marijuana use across the state has greatly increased, so too have accompanying public safety costs. While counties used to rely on Measure 91 formula funding to at least partially pay for these expenses, the passage of Measure 110 means that cities and counties will see a 72% decrease in formula funding over the next biennium.

Lack of adequate revenue has left counties struggling to curb illicit marijuana activity. To give just one example, Jackson County's expected revenue loss due to Measure 110 is \$4.3 million over the next biennium. In the last five months, Jackson County Code Enforcement Officers have investigated more marijuana-related complaints than in any year prior with a staff of just three officers and one office assistant. Put simply, marijuana violations are rising and local public safety officials can't keep up due to budget constraints.

Oregon's effective tax rate on marijuana products would remain lower than Washington's and California's even if local governments imposed the full 10% allowed under this measure. It's important to bear in mind that illegally operating marijuana dealers do not impose taxes and thus undercut Oregon's legal retailers. Adequate revenue for enforcement services would thus steer more market activity to Oregon's licensed dispensaries.

Regards,

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