



Testimony on SB 864. May 20, 2021

Thank you Chair Burdick, Vice Chair Boquist and Committee Members, for the record, I am Ethan Nelson, Intergovernmental Relations Manager for the City of Eugene testifying on SB 864. Eugene thanks Chair Burdick, Senator Findley, and Representative Owens for bringing this bill forward. Specifically, the City of Eugene is very supportive of the voluntary aspect of SB864, that would allow a local option for increasing local tax rates on recreational marijuana sales within a city's jurisdiction. This is the identified pathway for cities to recover the loss of tax revenue due to the reduction of state-shared revenues resulting from the passage of Measure 110. The League has provided a good overview of the issues, I wanted to spend just a moment to identify the specifics within Eugene.

Before Measure 110, the City of Eugene was on track to receive \$1.3M in state shared marijuana tax receipts in FY21, up from \$1M the year before. This revenue is placed within the City's general fund, which as many of you know, provides the funding for public safety, community court, parks safety and security, library and recreation programs, homeless shelter programs, climate actions, and land use planning---to name a few of the critical services in our community. Based on our projections, we estimate that the \$1.3M will be reduced to roughly \$200,000 per year going forward. We are currently working through budget forecasts for FY22, with an assumption that we will need to account for that \$1M annual hit to the general fund.

This is not a bill that dives into the merits or challenges of Measure 110, rather it is a bill that allows local governments to propose the appropriate tax rate for recreational marijuana sales that will provide funding for the services which our community continues to expect from the city and call for on a regular basis. We support the proposal to increase the local tax rate up to 10%.

As you can see, SB 864 base bill would help the city of Eugene to fill a large budget gap that is very much needed, however, the City of Eugene is strongly opposed to the -1 amendment that would create a mandatory distribution from a city's local revenues on recreational marijuana taxes to counties. To the best of our knowledge, there is no other situation where the City of Eugene levies a local tax and then makes a payment to Lane County. We do not believe that an increase to our local retail marijuana tax should be any different. In addition to this, we are concerned about how the -1 amendment is written. While the City of Eugene is responsible before the Eugene voters to understand what those increased revenues would be used for, as written, the -1 amendment does not require any sideboards on how a payment to a county would be managed, expended, or reported on. And, as written, the 'at least 20 percent' language is vague. Clarifying what entity will determine the percentage of any payment is critical to building and maintaining the public trust.

Thank you for your time, and Eugene asks that you pass the base bill of SB 864 without the -1 amendments.