

JASON KROPF
STATE REPRESENTATIVE
District 54



HOUSE OF REPRESENTATIVES

June 21, 2021

Chair Burdick, Vice Chair Boquist, and members of the Senate Finance and Revenue Committee,

Two of the foundational pieces of the legalization of cannabis in Oregon were that local governments would be able to make decisions about whether or not to participate in the emerging cannabis economy, and if a community chose to participate, they would receive an allotment of cannabis revenue to help with issues surrounding this unique industry. HB 3295 clarifies that counties that have the four types of marijuana licenses; wholesale, retail, production and processing, operating in their county will receive a share of revenue generated by those businesses.

At inception, the expectation was that counties would either “Opt In” or “Opt Out” of the cannabis economy. Under current law “Opt In” counties split ten percent of the marijuana revenue. Fifty percent of the county’s allotment depends on how many square feet of production a county has relative to other counties and the other fifty percent depends how many wholesale, retail, and processing licenses a county has relative to the other counties. The larger a county’s participation in the cannabis economy the larger the share of revenue.

That makes sense. For example, Jackson and Josephine Counties are the State’s largest production counties and Multnomah County has the most licenses and those are the counties that receive the largest revenue allotments.

In conversations with some of those involved in the drafting of the original legislation, it was not anticipated what has happened now that an “Opt In” county has placed a cap on certain types of new licenses while allowing existing businesses to continue.

This is what happened recently in Deschutes County. Deschutes County placed a cap on new production and processing licenses. Deschutes County has retail and wholesale licenses and will continue to allow new licenses of these types. Deschutes County also has production and processing licenses that continue to operate, with a cap on new licenses of these types.

Currently, the Department of Revenue’s interpretation of our statutes has resulted in Deschutes County not being eligible for its allotment of revenue. This interpretation has created a situation where

Deschutes County is ninth in production and seventh in licenses but not eligible for a share of revenue that the County's businesses help generate for the State.

The original draft of this bill prompted conversations about the need for participating counties, who are considering a cap, to have avenues for structured conversations with a variety of stakeholders about issues related to the cannabis businesses in their community. Amendments to this bill added the requirement that a county considering a cap on new licenses need to convene a Cannabis Advisory Committee. Based on the successful model in Jackson County, the Cannabis Advisory Committee would bring together a variety of stakeholders; including marijuana license holders, a member of the public, county officials, and law enforcement to advise the County on:

- The use of marijuana revenue
- Issues of public safety related to marijuana use and marijuana entities
- Issues related to production and sale of marijuana in the count

If a county does proceed with a cap, the Cannabis Advisory Committee would need to continue and meet on a quarterly basis for a county to receive an allotment of revenue.

I should mention this bill does not impact the Measure 110 allotment of revenue.

This bill addresses something that was not anticipated when the marijuana revenue statutes were created. This bill ensures that counties that are full participants in the cannabis economy will receive an allotment of revenue based on their level of participation. This bill clarifies that counties that have business that generate revenue for the State will receive an allotment of cannabis revenue to help with issues surrounding this unique industry.

Thank you for your consideration and I urge your support of House Bill 3295 A.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Kropf', written in a cursive style.

Rep. Jason Kropf
House District 54