

Marijuana Revenue

The OLCC is also tasked to implement the Marijuana legalization initiative (Measure 91) which was passed in 2014. That implementation was reconfigured and embellished by HB 3400 of the 2015 session. HB 2041 changed the method of taxation from a \$35 per ounce (Production/Severance tax) collected by the OLCC to a 17% Point of Sale Tax (POST) collected by DOR. The bill also allowed 3% optional tax for local governments that allow marijuana sales starting in 2017.

Full implementation of commercial sales was to commence on the first day of 2017, however, SB 460 allowed for marijuana to be sold during the 2016 calendar year by medical dispensaries. The early start program to the public was taxed at 25% POST rate. The early start program brought in about \$65 million in tax proceeds.

Up to December of 2020, marijuana revenue, after deductions for collection and administration costs, will be divided among six statutorily specified distributions. Drug abuse and prevention will get 5% of funds, cities and counties will each get 10% and then distributed among different cities and counties that don't prohibit marijuana based on statutory specified formula, 15% goes the state police, 20% to mental health account, and 40% to the state school fund. Measure 110 was passed by voters in 2020, and it capped the distributions to the above specified uses to \$11.25 million a quarter. All revenue above that \$90 million a biennium threshold would be directed to the Drug Treatment and Recovery Services Fund. A portion of the cost incurred by the OLCC for regulation, enforcement, compliance, and licensing is funded by the (\$25 million) Licenses fees on marijuana businesses (more than 20 different kinds), while the remainder of the OLCC costs as well as DOR collection costs are covered from the tax revenue collected. Marijuana Retailers may retain 2% of taxes they collect from the consumer to cover their cost of collecting and remitting the taxes.

Marijuana Revenue

	State Totals	Local Tax Total
FY 2016	\$20,652,983	\$0
FY 2017	\$70,263,897	\$3,957,283
FY 2018	\$82,203,729	\$12,784,127
FY 2019	\$102,094,948	\$15,702,985
FY 2020	\$133,150,349	\$20,767,346
FY 2021	\$178,262,488	\$28,001,433

Source: Oregon Department of Revenue Research Section

Legal marijuana Sales in the state are becoming a billion-dollar market. Gross revenue from the Tax on Marijuana are expected to exceed \$170 million in an average fiscal year. \$45 million of that will go to the original statutory uses according to their allocated percentages, and more than \$125 million will go the new Addiction and Treatment Fund (programs) created by Measure 110. On the local level, there are 109 cities and counties that impose a local marijuana tax broken down into 97 cities, and 12 counties. DOR administers about 83% of local governments taxes amounting to 90% of the total taxes.

Marijuana Revenue Distributions

	Local Tax	State Tax							State Tax Total
	Cities/Counties Where DOR Collects the Local Tax	Drug Treatment and Recovery Services Fund	State School Fund (40%)	Mental Health, Alcoholism, and Drug Services (20%)	Oregon State Police (15%)	Oregon Health Authority, for Drug Treatment and Prevention (5%)	Cities and Counties (20%)		
							By Population	If Opt-In	
2018	\$12,201,753		\$59,012,830	\$29,506,415	\$22,129,811	\$7,376,604	\$16,705,653	\$12,800,761	\$147,532,074
2019	\$15,079,769		\$37,299,420	\$18,649,710	\$13,987,282	\$4,662,428	\$0	\$18,649,711	\$93,248,551
2020	\$19,311,190		\$45,209,772	\$22,604,896	\$16,953,657	\$5,651,219	\$0	\$23,918,063	\$114,337,607
2021	\$27,384,204	\$64,579,753	\$43,230,078	\$21,615,079	\$16,211,249	\$5,403,750	\$0	\$21,384,337	\$172,424,247