

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
81st Oregon Legislative Assembly  
2022 Regular Session  
Legislative Revenue Office

**Bill Number:** HB 4056  
**Revenue Area:** Marijuana  
**Economist:** Mazen Malik  
**Date:** 02-08-2022

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

**Measure Description:**

Requires annual adjustment for inflation of amount to be retained, for distribution to cities, counties, and other entities from Oregon Marijuana Account, prior to transfer of remainder of account balance to Drug Treatment and Recovery Services Fund ( DTRSF).

**Revenue Impact (in \$Millions):**

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
<b>Inflation (CPI USA) Forecast</b>	2.07%	2.13%	2.28%	2.28%	2.36%	2.42%	2.44%	2.42%	2.35%
<b>M-110 Cap @ \$45 million</b>	<b>\$45.47</b>	<b>\$46.44</b>	<b>\$47.49</b>	<b>\$48.58</b>	<b>\$49.72</b>	<b>\$50.92</b>	<b>\$52.17</b>	<b>\$53.43</b>	<b>\$54.68</b>
<b>Annual Increase</b>	\$0.47	\$0.97	\$1.06	\$1.08	\$1.14	\$1.20	\$1.24	\$1.26	\$1.25
<b>Cumulative Increase</b>	\$0.47	\$1.44	\$2.49	\$3.58	\$4.72	\$5.92	\$7.17	\$8.43	\$9.68

**Impact Explanation:**

Marijuana revenue (prior to Measure 110 of the 2020 general election) was fully distributed according to the permanent formula established by Measure 91 (2014):

40% to the State School Fund. 15% to state police. 20% to mental health treatment or for alcohol and drug abuse and treatment. 5% to the health authority for alcohol and drug abuse prevention and treatment. 10% to Counties and 10% to Cities.

Measure 110 also limited the amount to be distributed using the permanent formula to \$45 million per fiscal year and the remainder of the marijuana revenue is sent to the DTRSF. That Cap on the formula distribution, however, was not allowed any future increases or inflation adjustment.

This measure utilizes the inflation adjustment used elsewhere in M-110 (monthly averaged U.S. City Average Consumer Price Index for the 12 consecutive months ending August 31 of the prior calendar year) to adjust the \$90 million which are distributed according to the permanent formula. This inflation adjustment to the formula distribution cap is meant to start in 2023 which will fully affect the FY 2024 and beyond. The adjustment raises the cap about \$1.1 million on average for all formula uses. Cities and Counties will each get about (10%) \$110,000 of that increase annually.

**Creates, Extends, or Expands Tax Expenditure:** Yes  No

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