

Submitter: Mary Allen

On Behalf Of:

Committee: Senate Committee On Finance and Revenue

Measure: SB1506

I am vehemently opposed to SB 1506; it is a bad idea, and goes against the specific intent of the voters of Oregon who originally voted in favor of Measure 91, legalizing the Recreational Marijuana industry, with the specific provision that local governments could not impose an additional local sales tax in excess of 3%.

This terrible bill not only contravenes the will of the voters who passed measure 91, it creates an increase of 300% on an industry that is already highly taxed and regulated.

As a person who does bookkeeping/consulting for multiple clients within the 280e industry who are already in a constant struggle to compete in an overcrowded marketplace, I can say with certainty that this bill would undoubtedly drive legal users to the black market, the effect of which would be to decrease the amount of tax currently collected on marijuana sales, expose Oregon cannabis users to unregulated, unprotected product whose provenance is questionable and which could be laced with other unknown, illegal substances which could be detrimental to their health and potentially life threatening in nature. This bill, in effect, will potentially help fund the illegal cartel market, as consumers in Oregon who are already juggling budgets turn to a less expensive alternative than overly taxed, regulated, legal, safe cannabis products. Adverse drug reactions in dangerously unregulated product will also lead to higher medical expenses, which the taxpayers of Oregon frequently have to pick up on behalf of those who are uninsured.

Further, please consider if you will, the danger that is already faced by dispensary owners across the state who remain unbanked. Increasing the tax they must collect would have the effect of increasing the amount of cash they must work with; the banking industry refuses to work with 280e businesses, with the exception of MAPs Credit Union, who has a long and onerous process to apply for an account, and only accepts a certain number of accounts per year.

I am personally aware of the very dangerous position many of my clients have been placed in as they convey very large amounts of cash to the Department of Revenue to pay their Marijuana Sales Tax, Payroll Tax, and personal income tax. The very thought of the amounts being hand carried in cash to meet their obligations is staggeringly terrifying.

Would you be proposing this tax if the companies involved were Dollar Tree, or Fred Meyers, or other "normal" businesses? Cannabis businesses bring money into the communities in which they are located; they employ people in the community, they pay their share of payroll taxes, county taxes on buildings, city taxes where applicable, on top of the Marijuana Sales Tax at 17% for the State and 3% for the municipalities who demand a cut. They struggle in an overcrowded market because short sighted officials have opened entirely too many licenses in a greedy effort to

bring in more tax revenue with the thought that “more stores = more tax”. Sadly, they do not have the common sense to realize that more stores simply mean a price war for business, which LOWERS the amount of sales (and tax collected) for everyone involved.

My clients struggle daily to operate under a plethora of constricting, time consuming regulations and are further punished by the Feds by being taxed on GROSS revenue, which in itself has driven many out of business.

Instead of adding more tax burden (again, which is in direct conflict with the passage of Measure 91 originally), how about you speak with those in the industry about how to help defeat the black-market sales of illegal marijuana which funds drug cartels and terrorists and floods our state with dangerous, illegal drugs. Eliminating the illegal market would turn those consumers to the legal, taxed market, and would therefore add sales to be taxed for the state and local municipalities.

Fix the real issue, the illegal sales market.