

## HB 3431 -5 STAFF MEASURE SUMMARY

### House Committee On Revenue

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**Prepared By:** Mazen Malik, Senior Economist

**Meeting Dates:** 5/18

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#### **WHAT THE MEASURE DOES:**

Provides permanent revenue stream from Oregon Marijuana Account to fund Economic Equity Investment Program created under chapter 103, Oregon Laws 2022 (Enrolled Senate Bill 1579). Takes effect on 91st day following adjournment sine die.

#### **ISSUES DISCUSSED:**

#### **EFFECT OF AMENDMENT:**

-5 makes an appropriation to the Oregon Business Development Department, for the biennium beginning July 1, 2023, out of the General Fund, the amount of \$30,000,000 for deposit in the Economic Equity Investment Fund.

#### **BACKGROUND:**

Since the beginning of legalization by M-91, The distribution of marijuana revenue, after deductions for collection and administration costs, would be divided among six statutorily specified uses. 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 (after it was changed from the Common 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. The 2022 session (HB 4056) allowed for that annual \$45 million cap to be adjusted annually for inflation.

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. The 2021 session allowed for Illegal Marijuana Market Enforcement Grant to be taken off the top pf revenue before distributions, and the 2022 session (HB 4074) removed the sunset form that provision. Marijuana Retailers may retain 2% of taxes they collect from the consumer to cover their cost of collecting and remitting the taxes.