

HB 3431 STAFF MEASURE SUMMARY

House Committee On Economic Development and Small Business

Action Date: 04/04/23

Action: Without recommendation as to passage, be referred to Rules, and then to Revenue by prior reference.

Vote: 6-5-0-0

Yeas: 6 - Bynum, Lively, Nguyen D, Pham H, Ruiz, Walters

Nays: 5 - Diehl, Elmer, Javadi, Morgan, Osborne

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

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Meeting Dates: 3/21, 3/28, 4/4

WHAT THE MEASURE DOES:

Creates an ongoing source of revenue to fund Economic Equity Investment Program. Requires 50 percent or \$6,250,000, whichever is greater, of funds in Oregon Marijuana Account in excess of \$11,250,000 be transferred to the Economic Equity Investment Fund. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Need to establish ongoing funding for Oregon Economic Equity Investment Program (Program)
- Program funds narrow wealth gap and address underlying causes of social and economic disparities
- Number of applications for funds received for the initial \$15 million invested in program
- Possible sources of funding other than Oregon Marijuana Account
- Impact of reduction of funds on addiction service programs
- Wealth building through homeownership

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

In 2022, the Legislative Assembly passed Senate Bill 1579, which established the Economic Equity Investment Program (program) at Oregon Business Development Department (OBDD). The purpose of the program is to award grants to organizations providing culturally responsive services supporting economic stability, self-sufficiency, wealth building and economic equity among disadvantaged individuals, families, businesses, and communities in Oregon. The program was allocated \$15 million and will distribute funding to recipient organizations who will, in turn, implement programs and provide resources to eligible beneficiaries to address longstanding economic inequities in four key areas: ownership of land and property; entrepreneurship and business development; workforce; and intergenerational wealth building.

The Oregon Marijuana Account holds all the retail marijuana tax money that the state collects. In 2020, Oregon voters' passed Ballot Measure 110, directing funds in Oregon Marijuana Account in excess of \$11,250,000 to Drug Treatment and Recovery Services Fund created by the measure. The remaining \$11,250,000 in tax revenue is distributed to: State School Fund, Oregon State Police, Oregon Health Authority, cities, and counties. According to the Oregon Department of Revenue, in fiscal year 2021, the state collected \$178,262,488 in tax revenue from marijuana sales.

House Bill 3431 creates an ongoing source of revenue to fund the Economic Equity Investment Program by requiring 50 percent or \$6,250,000, whichever is greater, of the funds in the Oregon Marijuana Account in excess of \$11,250,000 be transferred to the Economic Equity Investment Fund. The remainder of the excess will be

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transferred to the Drug Treatment and Recovery Services Fund.