



January 31, 2023

House Committee on Economic Development and Small Business

RE: Support for HB 2505

The League of Oregon Cities (LOC) is an intergovernmental association which represents all of Oregon's 241 cities across the state.

The LOC supports HB 2505, which would allow local governments to increase the tax applied to marijuana sales from 3% to 10%.

Prior to the passage of Measure 110, marijuana revenue after factoring in for administrative costs, was distributed among 6 parties with various percentages, cities and counties each receiving 10% of the pie. When Measure 110 was passed by the voters, it capped the total amount that could be distributed to the 6 parties to \$45 M a year, \$90 M a biennium. Anything in excess of that amount is transferred to the Drug Treatment and Recovery Services Fund, which funds the programs set forth by Measure 110.

Cities and counties were projected to lose over \$50 M of state marijuana revenue in the 2021-2023 biennium with this change, a reduction of over 73%.

Cities provide critical services including police and fire protection, sewer and water treatment, libraries, parks and recreation, street maintenance, and social services. Now more than ever, residents are looking to cities for solutions to escalating rates of homelessness and a severe shortage of affordable and available housing.

This bill represents a simple mechanism to allow cities and counties to recover lost revenue and grow an ongoing, stable funding source.

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