



February 2, 2023
House Committee on Revenue

RE: Support for HB 2089

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 2089, which increases the share that cities receive from the state marijuana tax and includes a one-time distribution of marijuana revenue to help reimburse cities and counties for the sudden loss of revenue after Measure 110 was enacted.

Prior to the passage of Measure 110, all state marijuana revenue, after administrative costs, was distributed among 6 parties with various percentages, cities and counties both 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.

With limited avenues to raise revenue, local governments were disproportionately affected by the diversion of marijuana revenue. Cities and counties were projected to lose over \$50 M of state marijuana revenue in the 2021-2023 biennium, a reduction of over 73%.

HB 2089 increases the share that cities receive from the portion of the state marijuana tax that is capped at \$45 M a year from 10% to 30%, a significant increase that will greatly help cities that are already struggling with budget shortfalls and recovering from the effects of the pandemic.

Cities provide critical services including police and fire protection, sewer and water treatment, libraries, parks and recreation, street maintenance, and social services. Cities are increasingly responding to the housing crisis with innovative solutions to keep their residents housed. Many programs and services have been functioning with the help of federal pandemic relief funds, much of which expires soon.

We recognize that there is a growing need in this state for access to addiction and recovery services. This bill will not permanently take funds away from that purpose, which was passed by the voters with Measure 110.

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

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