

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
82nd Oregon Legislative Assembly
2024 Regular Session
Legislative Revenue Office

Bill Number:	HB 4121 - A
Revenue Area:	Cannabis
Economist:	Mazen Malik
Date:	03-04-2024

*Only Impacts on Original or Engrossed
Versions are Considered Official*

The revenue impact of this measure is indeterminate for the following reasons:

The sections of the measure that deal with the commercial marijuana enforcement are likely to extend more control and regulation onto the commercial marijuana market and sales. These regulations are likely to restrict market entry and participation by producer and retailer businesses. However, given the oversupply and low prices in the market today, these restrictions might be able to reduce supply and firm up the price, which in turn, would result in higher revenue (tax is 17% of the sale price). On the other hand, if the supply is further restricted or distrusted due to other factors, the outcome becomes less predictable.

It is also important to note that the measure authorizes OLCC to charge a registration fee to recoup the administrative costs of the program. However, the number of potential fee payers, and the necessary fee amounts needed to cover the program costs are not yet determined. Until the number of payers and the level of fee are clear, OLCC will need to utilize existing recreational marijuana revenues to fund the program's operational expenses. How long the OLCC will need to rely on recreational marijuana revenues to cover regulation costs is not clear. This utilization of marijuana revenue to pay for administrative costs will reduce the net amount available for distribution through the statutory formula.