

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
83rd Oregon Legislative Assembly
2025 Regular Session
Legislative Revenue Office

Bill Number:	SB 556 - 3
Revenue Area:	Cannabis
Economist:	Michael Doughty
Date:	04/08/2025

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

Measure Description:

The measure is a cannabis omnibus that makes several changes to laws regarding marijuana and industrial hemp.

Revenue Impact: Minimal

Impact Explanation:

As current law stands, this bill does not impact revenue. However, the bill allows for interstate commerce of marijuana and industrial hemp if such transaction become legal under federal law. The impact a change to federal law could have on Oregon's cannabis industry is complicated by several factors:

- The contour of any potential change in federal regulation is unknown. Until it is known how federal regulation would change, it is not possible to understand the impact on cannabis tax revenue in Oregon. For example, a change that allowed interstate commerce with no restrictions would have a different impact than a change which allowed interstate commerce of only a subset of products.
- A change in demand due to potential federal regulation could impact the supply of cannabis available for consumption in Oregon. If the regulation increased demand for Oregon grown cannabis products outside of Oregon, there could be upward price pressure on cannabis sold in Oregon. An increase in price would cause a decrease in consumption. If the percent decrease in cannabis consumed in Oregon, in response to an increase in price, is less than the percent increase in price, tax revenue would increase. On the other hand, if the percent decrease in consumption is greater than the percent increase in price, tax revenues would decrease.
- A federal law change could increase the supply of cannabis in Oregon from outside markets. This could generate downward price pressure. Again, the impact on tax revenue would depend on the relative change in consumption and price.
- Finally, if changes in demand for Oregon produced cannabis could be met with existing supply, the impact on cannabis prices in Oregon would be negligible.

If federal cannabis law is changed, understanding that change is critical to estimating any potential impact to cannabis related revenue in Oregon. Unless federal law is changed, this bill will have no impact on Oregon cannabis tax revenue.

Creates, Extends, or Expands Tax Expenditure: Yes ☐ No ☒