

Marijuana Tax Program Update

Joint Interim Committee On Marijuana Legalization
May 23, 2016

Early Start Tax

- January 4, 2016—Tax began on recreational sales through dispensaries.
- February 29, 2016—Final date for January tax deposits to be postmarked or made in person.
- March 31, 2016—Final date for February tax deposits to be postmarked or made in person.
- May 2, 2016—
 - Final date for March tax deposits to be postmarked or made in person.
 - Due date for 1st quarter tax return.

Early Start Tax—Deposits

Monthly deposits required

- January deposits = \$3.48 million through March 4.
- February deposits = \$3.27 million through March 31.
- March deposits = \$3.75 million through April 29.
- 1st Q financial statement = \$10.5 million through April 29.
- Monthly deposits remitted net of 2% admin fee.

Early Start Tax—Returns

- Returns must be postmarked by May 2, 2016.
 - Still processing returns.
 - Expect reconciliation end of June.
- Paper returns currently only option for Early Start sales through dispensaries.
 - Mail to: Oregon Department of Revenue
PO Box 14630
Salem, OR 97309-5050
- Retailers will be able to file online through Revenue Online.

Early Start Tax—Returns

SB 1511 authorized the sale of additional taxable product.

- Edibles, non-psychoactive topicals, and receptacles (vape pens, etc.).
- Sales begin June 2, 2016.

DOR will add additional products to Early Start Tax return.

- Updated tax return available mid-June.
- Due date for 2nd quarter return unchanged.
 - August 1, 2016.

Early Start Tax

Distributions

- 40% to the Common School Fund.
- 20% to Mental Health Alcoholism and Drug Services Account.
- 15% to Oregon State Police.
- 5% to Oregon Health Authority for “alcohol and drug abuse prevention.”
- 20% to local jurisdictions.
 - As of July 1, 2017 based on number of licensees within jurisdiction.
 - Local governments that opt out not eligible for distributions.

Early Start Tax

Distributions

- Liquor Fund loan must be paid back first.
- Loan payback required by September 30, 2017.
- Law permits Liquor Fund loan to continue until June 30, 2017.
- First periodic reconciliation and distribution will occur between July 1, 2017 and September 30, 2017.
- Quarterly distributions thereafter.

Early Start Tax

Banking Issues

- Large percentage of businesses remit tax payments using cash.
- Payment range – all payment types.
 - ~\$10 to ~\$90,000 per payment.
- Cash payments required to be made in Salem.

Early Start Tax

Cash Transaction Unit

- Created Cash Transaction Unit (CTU).
 - Manages volume efficiently.
 - Increases taxpayer and employee safety.
- 337 businesses are registered as recreational marijuana sellers.
- Appointments required.
 - Sporadically scheduled throughout the month.

Early Start Tax

Cash Transaction Unit

- Deposits in the CTU are ~300 percent higher than originally expected based on early revenue projections.
- Requesting additional positions to ensure dual controls are in line with standard banking practices and Oregon Accounting Manual requirements and ensure safety and security.
- Joint Emergency Board Interim Committee on General Government.
 - May 24, 2016.

Marijuana Tax Program

Administrative Rulemaking

- Permanent rules—Proposed effective July 1, 2016.
 - Due dates for payment of Marijuana Tax *Temp. Eff. Jan. 4, 2016.
 - Registration of Marijuana Retailers *Temp. Eff. Jan. 4, 2016.
 - Model record keeping and retention guidelines.
 - Extension to file a Marijuana Tax Return.
 - Liability for Unpaid Marijuana Tax.
 - Failure-to-file penalty.
 - Refund of Excess of Marijuana Tax.

Marijuana Tax Program

Administrative Rulemaking

- Temporary Rules - Proposed effective June 2, 2016.
 - Receipting requirements.
 - Category of product taxed.
 - Total sales before tax.
 - Total State tax amount.
 - Total Local tax amount.
 - Total Cost to customer.
 - Unique identifier that differs for each receipt issued.
 - Display on receipt that “Receipt required for refund.”

Marijuana Tax Program

On the Horizon

Information sharing agreements.

- OHA—Medical cardholders.
- HB 4094—Financial Institution agreements.

Local tax administration (up to 3% tax).

- League of Oregon Cities.
- Association of Oregon Counties.

Administrative Rule.

- Medical Marijuana Tax Exemption.

Questions about:	Here's who knows:	Contact us:
<ul style="list-style-type: none"> Revenue Distribution Temporary and permanent taxes Tax payments and tax returns 	Department of Revenue	Marijuana Tax Program www.oregon.gov/dor/marijuana 503-947-2597 Marijuanatax.dor@oregon.gov
<ul style="list-style-type: none"> Dispensaries Recreational sales by dispensaries 	Oregon Health Authority	Medical Marijuana Dispensary Program Toll-free: 1-855-244-9580 (Mon - Fri, 11am to 4pm) medmj.dispensaries@state.or.us
<ul style="list-style-type: none"> Medical Marijuana (generally) 	Oregon Health Authority	Oregon Medical Marijuana Program 971-673-1234 (Mon - Fri, Noon to 4pm)
<ul style="list-style-type: none"> Retail Licensing & Sales Starting a MJ Business 	OLCC	Recreational Marijuana Licensing 503-872-6366 or toll-free at 1-800-452-6522 marijuana@oregon.gov
General Information	www.whatslegaloregon.com	

Questions?

If you have additional questions after today please contact:

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