

**REVENUE IMPACT OF  
PROPOSED LEGISLATION  
78th Oregon Legislative Assembly  
2016 Regular Session  
Legislative Revenue Office**

**Bill Number: SB 1511 - A  
Revenue Area: Marijuana Revenue  
Economist: Mazen Malik  
Date: 02-18-2016**

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

**Measure Description:**

Directs Oregon Liquor Control Commission to register qualified marijuana producers, marijuana processors, marijuana wholesalers and marijuana retailers for purposes of producing, processing and selling marijuana and usable marijuana and medical grade cannabinoid products, cannabinoid concentrates and cannabinoid extracts.

**Revenue Impact:** The measure is likely to generate close to \$1 million in new revenue during the 15-17 biennium.

Most of this increase in revenue is a result of allowing the early start medical dispensaries to sell edibles, extracts and topicals. Some revenue will be increased in 15-17, 17-19 and beyond as a result of more users utilizing the commercial outlets and away from the reduced number of medical dispensaries. However, the impact of combining the distribution channels of the medical and commercial is not clear, and might cause some confusion in the system until it stabilizes.

**Impact Explanation:**

The measure requires OLCC to register businesses of medical purposes if they join the system to sell marijuana and marijuana products. It also provides definitions and requires OHA to adopt rules allowing for the provision, transfer, and sale of usable marijuana. OHA is required to prescribe levels of tetrahydrocannabinol concentration permitted in a single serving for both medical and recreational users.

While the measure prohibits taxation of retail sales made to a medical registry identification cardholder or their designated primary caregiver and clarifies that the local option sales tax does not apply to medical marijuana; it expands "early start" retail sales to include edibles, topicals, and extracts.

Albeit it sets daily limits on sales of edibles and prefilled carbon dioxide vaporizer cartridges containing marijuana extract; Exempts producers from canopy limits under specified conditions and provides that limits on mature marijuana plants does not apply until April 1, 2016 or to a person who has applied for an OLCC license.

OLCC and OHA expect to experience the most significant fiscal impacts as a result of the measure. OLCC anticipates incurring staffing and costs in the amount of \$250,000 annually, while OHA anticipates a significant decrease in fee revenue as registrants become OLCC licensed. While OHA would experience some cost reductions as a result, it is likely that the revenue reduction would occur sooner than the costs can be reduced. This increased costs and reduced fees and the lack of synchronization will lead to less net revenue to be transferred to the dedicated uses, particularly in the first 3 to 4 years.

**Creates, Extends, or Expands Tax Expenditure: Yes  No**