

TESTIMONY OF EUGENE GREENE
CONFEDERATED TRIBES OF THE WARM SPRINGS RESERVATION
JOINT COMMITTEE ON MARIJUANA REGULATION
SENATE BILL 56

May 23, 2017

Good afternoon, Co-Chairs Burdick and Lininger and members of the Joint Marijuana Regulation Committee. My name is Eugene “Austin” Greene and I am the Chairman of the Confederated Tribes of Warm Springs Tribal Council.

The Confederated Tribes of the Warm Springs Reservation of Oregon supports Senate Bill 56 with the -9 amendments—the “Tribal Cannabis Tax Equity Bill.” The amendments would correct an oversight in Ballot Measure 91, as amended, to address the regulatory burdens imposed on tribes by the State of Oregon’s legal marijuana marketplace.

We have made progress in correcting Ballot Measure 91’s omission of tribes. In 2016, the legislature passed House Bill 4014 which authorized the Governor to enter into intergovernmental agreements with tribes to address the coordination and enforcement of marijuana-related businesses licensed by tribes to conduct business on tribal trust lands. Warm Springs has since finalized an IGA with the State of Oregon and is advancing the licensing and development of a tribal membership approved cannabis enterprise. The Tribes’ referendum passed with 86% of the vote, reflecting the dire need for economic development in our community facing very high unemployment. Our economy has only worsened after the closure of our Warm Springs lumber mill last year, after 50 years of operation.

The State laws also impose a retail tax on all items sold at State retail stores and then map out in detail how that tax is allocated. This allocation wholly omits Oregon tribes, even though the State program impacts tribes in a number of ways, including public safety, public health and education. For example,

- Warm Springs provides direct mental health, alcoholism and drug services and prevention and intervention programs to its membership and others residing on the Reservation. Jefferson County and Wasco County provide only de minimis services for members living on the Reservation. The legalization of marijuana in areas surrounding the Tribe’s reservation will impact the nature and extent of services on the Reservation.
- In addition, the Tribe provides direct law enforcement services on the Warm Springs Reservation. Highway 26 is a High Incident Drug Activity Corridor

and is a major highway between western Oregon and localities in Central Oregon. Legalization of marijuana in areas surrounding the Tribe's reservation will impact the nature and extent of law enforcement services on the Reservation. Indeed, the Tribe has formed a civil regulatory administrative agency that will, with the Warm Springs Tribal Police, work hand in hand with the State of Oregon, the state and local police to properly administer and enforce applicable law on and off the Reservation and as agreed to in an Intergovernmental Agreement between the Tribe and the State of Oregon.

Because House Bill 4014 did not specifically address taxes, a new amendment is necessary to address tax issues.

The -9 amendments do not address every interest of Oregon's tribes, which are each unique, but is intended to equitably address taxation of marijuana items where such items have been regulated and taxed by tribal nations. The bill proposes a rebate of state taxes where a retailer is selling items that have been either produced or processed, or both, by a tribally licensed business and which have been taxed by the tribe. The amount of the rebate cannot exceed the tribal tax levied and is proportionate to the tribal activity associated with the production/processing of the item.

The amendment does the following:

- It is consistent with well-established judicial precedent related to taxation of on-reservation activities;
- It recognizes tribal regulatory interests in marijuana-related activities associated with the State marketplace;
- It equitably addresses tribes who opt into cannabis regulation *in coordination with the State program*;
- It prevents the possibility of double taxation by tribes and the State of Oregon which may harm the State marketplace and tribal economic and community development, consistent with the policy of Oregon stated in the Reservation Enterprise Zone Tax Credit first passed in 2001;
- It facilitates the collection of tribal taxes on tribally developed products to serve important tribal governmental interests.

In summary, while Oregon's tribes have not all engaged in cannabis regulation or in the cannabis industry, Warm Springs believes that a Tribal Cannabis Tax Equity bill provides an equitable foundation to advance tribal interests as the State market

and tribal regulatory participation matures. Thank you for considering the -9 amendment to SB 56 and for the opportunity to address you today.