Continued from page 4

MEASURE 103 EXCERPTS

EXPLANATORY STATEMENT

The measure prohibits taxes, fees, and assessments on the purchase or sale of raw or processed food or beverage intended for human consumption at all stages, including agricultural crops and food and beverage products of all types, whether in warehouses, transit, packaging and processing plants, certain restaurants, or other locations, when the commodity, product, facility, establishment, or commercial activity is regulated under specified federal or state food safety programs.

THE AMENDMENT

This excerpt of the constitutional amendment Measure 103 proposes defines groceries and the transactions that could not be taxed. We bolded some words to illustrate how this statute could apply to virtually any entity that sells food.

SECTION 16 (3)

(a) "Groceries" means any raw or **processed** food or beverage intended for human consumption except alcoholic beverages, marijuana products and tobacco products.

(b) "Sale or distribution of groceries" means **any transaction for the sale**, purchase, distribution, or transfer **of groceries** sold, distributed, transferred to, or **purchased, or received from, any individual or entity that:**

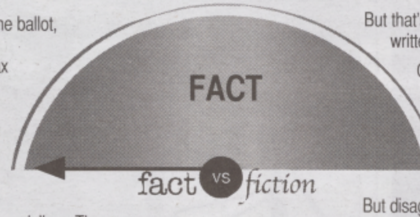
(A) Is licensed, registered, or inspected under the Food Safety Modernization Act, U.S. Food and Drug Administration, U.S. Department of Agriculture Federal Grain Inspection Service, or any successor agency or program that provides for the safety of groceries; or

(B) Is licensed and inspected by the State Department of Agriculture's Food Safety Program or Commodity Inspection Program or any successor agency or program that provides for the safety of groceries; or

(C) Operates as a farm stand, farmers market, or food bank.

(c) "Tax, fee, or other assessment" includes, but is not limited to, a sales tax, gross receipts tax, commercial activity tax, value-added tax, excise tax, privilege tax, and any other similar tax on the sale of groceries.

CLAIM: *The tax ban would include meals at restaurants.*



In Measure 103's summary on the ballot, voters will read that "certain restaurants" are subject to the tax ban.

A spokesperson for Our Oregon said "certain restaurants" refers to all restaurants outside of Yachats and Ashland, where taxes on restaurant meals are used as a way of capturing tourism dollars. These taxes pre-date the measure and would continue until expiration.

Yes-campaign spokesperson Dan Floyd said "certain restaurants" refers to "food-prep" establishments, such as Papa Murphy's, that are licensed by the Oregon Department of Agriculture's Food and Safety Division. He said only establishments inspected by that division are implicated in the ban.

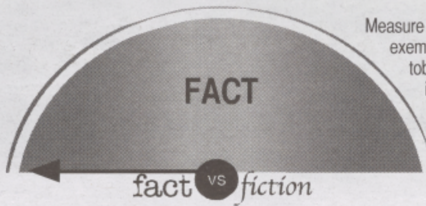
But that's not the way the measure was written.

Oregon's Supreme Court and Office of the Attorney General have clarified that the measure does, in fact, apply to restaurant meals.

"We disagree with the AG's opinion," Floyd said in an email. But disagreeing doesn't change the fact that this is now a settled legal matter.

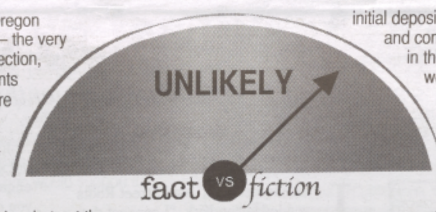
While the campaign may be in denial, restaurants aren't. In the voter's pamphlet, Oregonians will see an argument in favor of the measure from Oregon Restaurant & Lodging Association stating the measure's "broad definition includes food and beverages purchased from restaurants."

CLAIM: *Measure 103 would permanently block taxes on e-cigarettes.*



Measure 103 bans taxes on all items meant for human consumption but exempts alcohol, marijuana and tobacco products. And while it describes tobacco products in great detail, e-cigarettes and vape pens aren't included. Because these items contain nicotine but not tobacco, Measure 103 would ban their taxation. Intended or not, this is a constitutional tax exemption e-cigarette companies would likely fight to maintain.

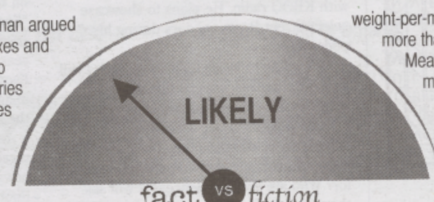
CLAIM: *Measure 103 would prevent changes from being made to the Bottle Bill.*



According to an analysis by the Oregon Beverage Recycling Cooperative – the very corporation that executes the collection, refunding and recycling components of the Oregon Bottle Bill – Measure 103 would not affect the Bottle Bill.

Company spokesperson Jules Bailey explained that's because the Bottle Bill requires a refund value, but not the initial deposit. This argument seems logical, and considering OBRC has the most skin in this game, we're inclined to take its word for it. We're stopping short of calling this claim flat-out fiction, however, because Our Oregon's argument that a refund could be considered an assessment or fee is not entirely outside the realm of possibilities when it comes to this broadly written measure.

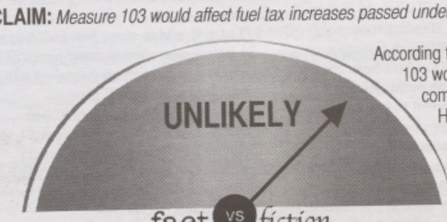
CLAIM: *Measure 103 would impact weight-per-mile rates paid by trucks carrying groceries.*



Our Oregon attorney Steven Berman argued Measure 103 would affect fuel taxes and the weight-per-mile tax charged to trucks that are transporting groceries because the tax ban encompasses transactions where groceries are "transferred to" or "received from."

Oregon Department of Transportation reviewed Berman's analysis and found it to be a plausible legal interpretation when it came to the weight-per-mile tax charged to trucks weighing more than 26,000 pounds. ODOT agrees Measure 103 would lock in weight-per-mile rates. The revenue collected through this tax makes up one-third of the state's highway fund, but how much of that is from the transport of groceries is unknown. ODOT also believes this impact of the measure would ultimately end up in court.

CLAIM: *Measure 103 would affect fuel tax increases passed under the 2017 transportation package.*



According to the Oregon Department of Transportation, Measure 103 would not affect the fuel tax because it's a tax on the combustion of fuel, not on the transportation of goods. However, the courts could decide differently.

Continued on page 7