

# Follow the Money

## Unanswered questions hang in the air around Eugene's proposed pot sales tax

BY SARA SACKS

**C**ontrary to Oregon's generally retail-tax-free-and-proud lifestyle, Eugeneans pay sales tax on four common purchases: alcohol, tobacco, gasoline and pot.

Since recreational pot sales went legit last year, Oregonians pay a whopping 25 percent state sales tax on recreational marijuana.

Ballot Measure 91, the bill that originally approved the sale of recreational marijuana, creates the Oregon Marijuana Account and allots percentages of the taxes from marijuana sales to the Common School Fund; mental health, alcohol and drug abuse treatment programs; state and local law enforcement; and the Oregon Health Authority.

Come 2017, the state tax drops to 17 percent, and Eugene then has the option to levy an additional three percent local tax — meaning consumers could wind up paying a combined 20 percent tax on their bud purchases.

This local tax is due for the ballot in November, when Eugene voters will approve or deny the initiative.

Eugene joins Portland, Salem, Bend and a list of other Oregon cities in considering a local tax.

"We're even late to the conversation," says Eugene City Councilor Claire Syrett, who recently proposed the vote.

Syrett says even a small local tax on recreational marijuana could help heal a city still limping along after the recession that started almost 10 years ago.

"During the recession in particular we had to make some pretty hard choices," Syrett says. As always, priority went to Eugene's fire and police services, while departments like the Parks and Open Space Division bore the brunt of the city's austerity measures.

Even still, City Councilor George Brown gives the proposed tax a thumbs-down, calling it a "sin tax." Brown argues that it will push some consumers back to the black market. Furthermore, taxing pot, Brown says, plays on the continuing and misguided social stigma that surrounds marijuana use.

Syrett says she didn't propose this tax in order to target anyone specifically. She urges recreational marijuana users to "feel as if they're contributing to something positive."

Projections for yearly revenue from the local tax are all over the board. The city's estimates start at \$200,000. But according to a cannabis industry representative with whom Syrett spoke, the city could rake in \$1 million annually, she says.

Brown's other concern is that it's currently unclear how the tax money will be spent. Unlike with Measure

91, the proposed marijuana tax does not specify revenue distribution. What's more, local law does not require tax revenue to be spent on programs relating to the object of taxation.

Mayor Kitty Piercy is in favor of the council's decision to call for a vote but, like Brown, wants a clearer idea of where the money would go.

The tax "needs to be clearly dedicated to specific community needs and purposes and held accountable, so that the public can clearly know what it will pay for," Piercy says.

City councilors did not have time before their summer recess to hammer out the distribution of funds, Syrett tells EW. As it stands, revenue would flow directly into Eugene's General Fund, in the event that voters approve the tax. The city would then have complete discretion over the revenue, regardless of what voters want.

If the bill passes, the tax will go into effect January 2017, and will be on the books permanently. At that point, the Eugene City Council could propose amendments specifically detailing the allotment of revenue.

Proposed sales taxes are typically a non-starter in Oregon, but neither Brown nor Syrett would venture to guess which way the wind will blow this November.

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