

## 420 surprise: Oregon pot tax revenue higher than expected

By **PARIS ACHEN**  
Capital Bureau

SALEM — Oregon's Department of Revenue unwittingly marked unofficial "Weed Day" Wednesday by announcing another better-than-predicted return in recreational marijuana revenue.

The state collected \$6.84 million in taxes from sales of recreational pot in January and February — the first two months since a 25 percent tax on the product took effect. Tax collections exceeded state economists' projection of \$2 million to \$3 million for the first year of taxation on the product.

The revenue represents nearly \$27.4 million in sales by about 320 dispensaries since Jan. 4. Beginning Oct. 1, medical marijuana dispensaries were authorized to sell up to a quarter-ounce of cannabis flowers per day to anyone 21 or older under Oregon Health Authority's early start program. No tax was collected on the product until Jan. 4. Medical marijuana remains tax-exempt.

The 25 percent tax ends when the Oregon Liquor Control Commission takes over the recreational sales program later this year and will be replaced with a 17 percent tax.

It's unclear how much of the tax revenue will be distributed to schools, drug, alcohol and mental health services, state police and cities and counties, the beneficiaries of the state's legalized marijuana law, Measure 91. State economists first have to calculate startup and regulatory costs associated with recreational marijuana before determining how much will be left over for beneficiaries. Distribution is scheduled to begin in late 2017.

April 20 is an unofficial worldwide holiday for smoking pot. The term — 420 — was coined by a group of high school students from San Rafael, California, who had a smoke-out in 1971 in the Point Reyes forest, according to the Huffington Post. The timing of the revenue department's report on tax revenue Wednesday was unintentional, said department spokeswoman Joy Krawczyk.

*The Capital Bureau is a collaboration between EO Media Group and Pamplin Media Group.*

# Banking woes easing for some legal pot businesses

By **KRISTENA HANSEN**  
and **GENE JOHNSON**  
Associated Press

SALEM — In a once-empty office in Oregon's Department of Revenue headquarters, officials have created a mini-fortress.

Recently hired workers sit behind bulletproof glass at a window inaccessible to the public. Police officers brought out of retirement roam the building with handguns on their hips. Security cameras monitor the hallways.

The changes, paid for with a \$3.5 million budget and prompted by the state's newly legal marijuana industry, are similar to those that Colorado and Washington made for accepting huge cash payments of pot taxes from businesses historically blocked from banking.

Such security arrangements are a necessity for safety reasons, but new statistics suggest that could be starting to change.

Federal data show that the number of banks and credit unions across the country willing to handle pot money under Treasury Department guidelines issued two years ago has jumped from 51 in March 2014 to 301 last month.

More than three years into Washington's legal pot experiment, a large majority of businesses are paying taxes electronically, a sign of better access to bank accounts. The state is even poised to require electronic payments unless the shops can show a good reason to pay in cash.

"People don't call me anymore and say, 'I'm opening a new business and I can't find a bank account,'" said Robert McVay, a Seattle marijuana business attorney.

### Illegal under federal law

Marijuana's prohibition under federal law still presents a serious hurdle for pot-related businesses, which generally can't accept credit or debit cards due to card companies' fears about liability for money laun-



AP Photo/Kristena Hansen

**A Cash Transaction Unit, a high-security operation with bullet-proof payment windows set up specially for marijuana businesses paying their monthly taxes in cash, is installed in a retrofitted office space at the Oregon Department of Revenue.**

dering or other offenses.

Many legal pot shops in Washington state, Colorado and Oregon — the only states with legal recreational sales so far — and dispensaries in medical marijuana states keep ATMs on site to facilitate cash transactions.

Most banking access has been through local credit unions, which limits options for the businesses. It's still difficult to get loans, too, though some have been able to by putting up real property, rather than inventory, as collateral.

Two years ago, the Treasury Department gave banks permission to do business with legal marijuana entities with conditions, including trying to make sure the customers are complying with regulations.

Under the guidance, banks must review state license applications for marijuana customers, request information about the business, develop an understanding of the types of products to be sold and monitor publicly available sources for any negative information about the business.

With that in mind, Washing-

ton officials began posting the sales activity of licensed marijuana growers, sellers and processors online — along with any warnings or fines issued to businesses caught out of compliance.

### Easier for banks

The idea was to make it easier for banks or credit unions to discover red flags that might indicate illegal activity; such information is not posted online in Oregon or Colorado, where state officials refused to provide a breakdown of how many pot businesses pay their taxes in cash.

Only two credit unions serviced Washington's legal marijuana industry early on — Seattle-based Salal and Spokane-based Numerica — but now several others have followed suit, and even big banks seem more tolerant of pot-related accounts, McVay said.

Last December, only 10 percent of sales and business tax payments from pot firms were in cash. Three-quarters of businesses paying special pot taxes to Washington's

Liquor and Cannabis Board in the first two months of 2016 did so electronically or by check, according to the state.

No one is suggesting that states do away with their beefed up security arrangements or new cash-counting machines just yet.

Oregon, for instance, has collected \$6.84 million from the pot tax's first two months this year — exceeding expectations for the entire year — and more than half of the state's pot dealers paid that in cash. Of the \$15 million-plus Washington collected from marijuana sales in February, roughly a quarter, or nearly \$4 million, was cash carried through the lobby of the liquor board's headquarters in Olympia.

### Volumes of cash

Oregon isn't set up yet to accept electronic payments, and the Department of Revenue is even planning to build out a bigger, permanent site on its main floor to accept larger volumes of pot cash. Washington, however, is moving in a different direction.

Language tucked into a budget deal Washington lawmakers reached last month allows the liquor board to require tax payments in electronic form, though it's unclear how soon it might do that.

Calling it a "public safety concern," board spokesman Brian Smith said the agency wants to reduce the amount of cash coming through the lobby.

The marijuana industry remains eager for a federal solution to their banking problem, and many hope that if California legalizes the recreational use of marijuana this November it might put enough pressure on Congress to change laws.

"Some sanity has to be brought into this banking issue," said Beau Whitney, an industry economist in Portland who handles government affairs for a local dispensary. "At some point in time, this is going to be an industry that's going to be too big to ignore."

# Woman at scene of heroin overdose sentenced

## Long prison sentence if she violates probation

By **KYLE SPURR**  
The Daily Astorian

The 20-year-old woman who was arrested last year in connection to the heroin overdose death of a woman and her unborn child was sentenced Wednesday in Clatsop County Circuit Court.

Lacey Saranpaa, of Astoria, will serve 90 days in jail with credit for time served and three years probation. If she violates probation, she will face more than four years in prison.

She pleaded no contest to unlawful delivery of methamphetamine for having the drug and drug paraphernalia in her purse at the scene of the overdose. The Clatsop County District Attorney's Office was unable to prove Saranpaa was the one who provided 35-year-old Torae Shufelt, of Astoria, with drugs.

She also pleaded no contest to identity theft, unauthorized use of a vehicle, theft and failure to appear in court from other incidents dating back to October 2014. Additional drug-related cases were dropped as part of the plea agreement.

"This was a bit of a crime spree by the defendant," Deputy District Attorney Beau

Peterson said.

Astoria Police responded to a room at the Rivershore Motel last August and found Shufelt, who was six months pregnant, unconscious from a heroin overdose. She was transported to Columbia Memorial Hospital where she was pronounced dead along with her unborn child.

Shufelt was in the room with Saranpaa and a 54-year-old man, who was not charged with any crimes.

A detective on scene noticed a beer can that had been cut in half in a trash can. The bottom half of the can was missing. Drug users commonly use the bottom of cans to heat up drugs before injecting or inhaling them, according to the detective. When the detective asked Saranpaa if he could look inside her purse, she pulled out the other half of the beer can and a syringe, which gave probable cause to arrest her. She



Lacey Saranpaa

also had multiple baggies of meth and a small black-and-white polka-dot bag belonging to Shufelt. The bag contained a digital scale, four unused carbon dioxide canisters, two keys on a key ring, a broken marijuana pipe and four small baggies of meth, according to the police report.

Prior to the incident, Saranpaa was arrested for stealing more than \$100 worth of merchandise from Goodwill in Warrenton.

Later, she was arrested for identity theft that occurred between November and February. In January, she was caught driving a GMC pickup truck without the owner's consent. She failed to appear in court in February.

Defense lawyer Kirk Wintermute said Saranpaa was hesitant to admit she had a drug problem when they first met.

"I don't think she is hesitating any longer," Wintermute said. "We know pretty clearly there is a serious issue."

Her issues are not just with her own addiction, Wintermute said, but with not having

good role models in her life.

Her father, Bryce William Saranpaa, died two years ago as a passenger in a car crash where the driver was high on meth and was later sentenced to six years in prison.

Her brother, Cody Michael Saranpaa, was convicted four years ago for delivery of meth and heroin.

"She is a smart young woman," Wintermute said.

"She is very intelligent, very forceful and really wants to make a positive change."

Judge Philip Nelson, who oversees the county's drug court, said Saranpaa is an ideal candidate. He ordered that she enter the drug court program immediately following her release from jail.

"I'm just ready to do this," Saranpaa said.

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