

Pot tax revenue grows as consumption booms

By **CLAIRE WITHYCOMBE**
Capital Bureau

SALEM — Oregonians are buying more legal pot than expected.

That means they are also poised to pay more taxes on it — about \$12.5 million more in the current budget than state economists projected several months ago.

The average price of a gram of cannabis on the retail market has dropped from about \$10 in late 2016 to just above \$4 in mid-2018, according to state figures.

But tax collections continue to grow.

Altogether, Oregon consumers are projected to pay \$176 million in state marijuana taxes during the current budget cycle, which ends in mid-2019.

“Since Oregon levies its recreational marijuana tax based on the price of the product, the fact that actual tax collections have exceeded expectations is all the more impressive given the ongoing drop in prices,” state economists said in a revenue forecast report last week. “For every ounce sold, or every edible purchased, Oregon is receiving less tax revenue per item due to the price decline.”



Staff photo by E.J. Harris

Kind Leaf was the first marijuana store to open its doors in Pendleton. This photo was taken on June 21, 2017.

Wholesale prices have also decreased in that period, but less dramatically.

Consumers are turning away from other sources, like the black market and medical marijuana, and toward recreational retail, state economists say.

And more Oregonians are using cannabis, according to the forecast.

Nationally, the Substance Abuse and Mental Health Services Administration says the percentage of adults who report using marijuana in the past month has grown to 7.9 percent in 2017, com-

pared with 6.5 percent in 2015.

In August, recreational marijuana consumers bought more than \$52.5 million worth of cannabis, according to the Oregon Liquor Control Commission, which tracks sales data.

The OLCC says in that month alone, recreational and medical consumers in Oregon bought at least 16,000 pounds of usable marijuana, about 400,000 units of edibles and tinctures and more than 600,000 units of marijuana extracts and concentrates.

State economists say that the spate of local measures passed in November to allow cannabis in certain cities and counties aren't likely to nudge tax collections up further, though.

Six cities voted to allow recreational marijuana, four of them repealing existing bans. Nearly 30 measures related to marijuana were on local ballots this November.

“In terms of recent elections, the places today voting on (marijuana) are all small and won't have that much of an impact on state-wide sales,” said state econ-

omist Josh Lehner in an email to the Oregon Capital Bureau. “It's not like there is another big population jurisdiction out there that has yet to legalize, I don't think.”

Lehner said certain cities and counties could actually see declines in marijuana tax revenues now that more of them have voted to allow recreational marijuana within their boundaries.

“The border effect of where sales are legal and how consumers access them is important,” Lehner said. “So a neighboring town may see some losses as more towns legalize.”

Recreational marijuana retailers must charge a 17 percent state tax on sales.

Cities and counties can charge local taxes of up to 3 percent on sales, too, but state economists focus their projections on state marijuana taxes.

Sales to consumers with medical marijuana patient cards aren't taxed.

The tax money, minus administrative costs, goes to a dedicated state marijuana account that in turn goes to K-12 education, mental health services, police and cities and counties.

The state Revenue Department couldn't pro-

vide detailed regional data on marijuana sales taxes.

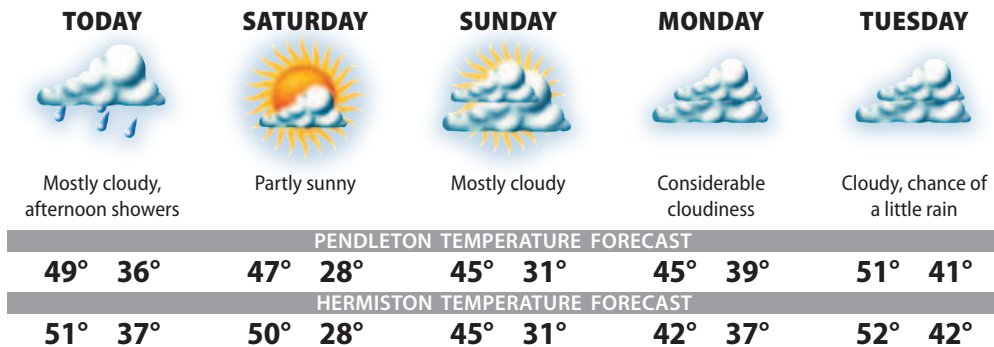
“Many areas only have a few businesses operating within their limits,” Joy Krawczyk, a spokeswoman for the tax agency, said in an email. “Providing information about how much was collected in that area — along with the use of other publicly-available information or knowledge held by one of the other taxpayers in that area — could allow for the determination of specifics of individual tax returns.”

Disclosing the particulars of a return is illegal, Krawczyk said.

In the years to come, collections from recreational marijuana are likely to grow, although there are significant risks attendant with the marijuana industry, state economists said.

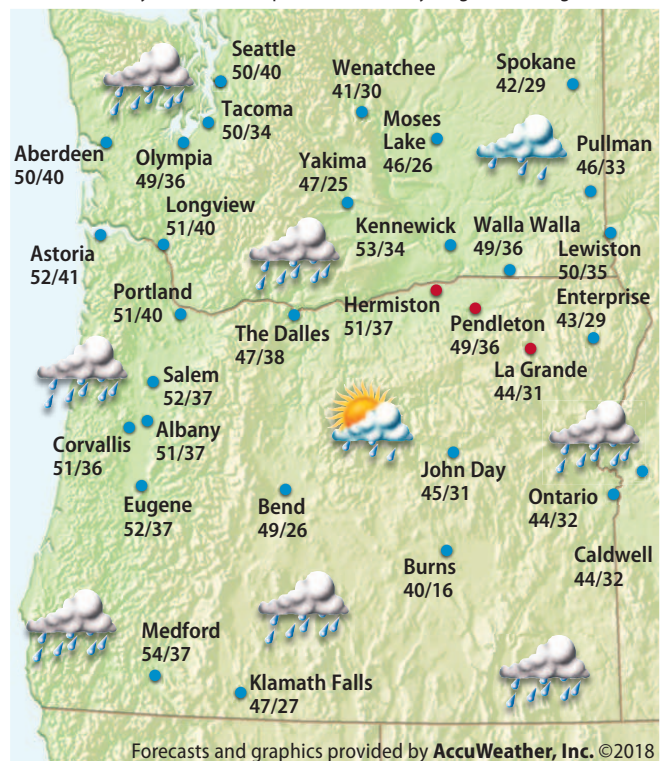
A significant possible downside: cannabis remains illegal under federal law, leaving the industry open to risk in the event of a federal crackdown. Oregon U.S. Attorney Billy Williams has expressed concerns about the illegal shipment of Oregon marijuana across state lines. Williams also believes the state is producing far more cannabis than its residents can consume.

Forecast for Pendleton Area



OREGON FORECAST

Shown is today's weather. Temperatures are today's highs and tonight's lows.

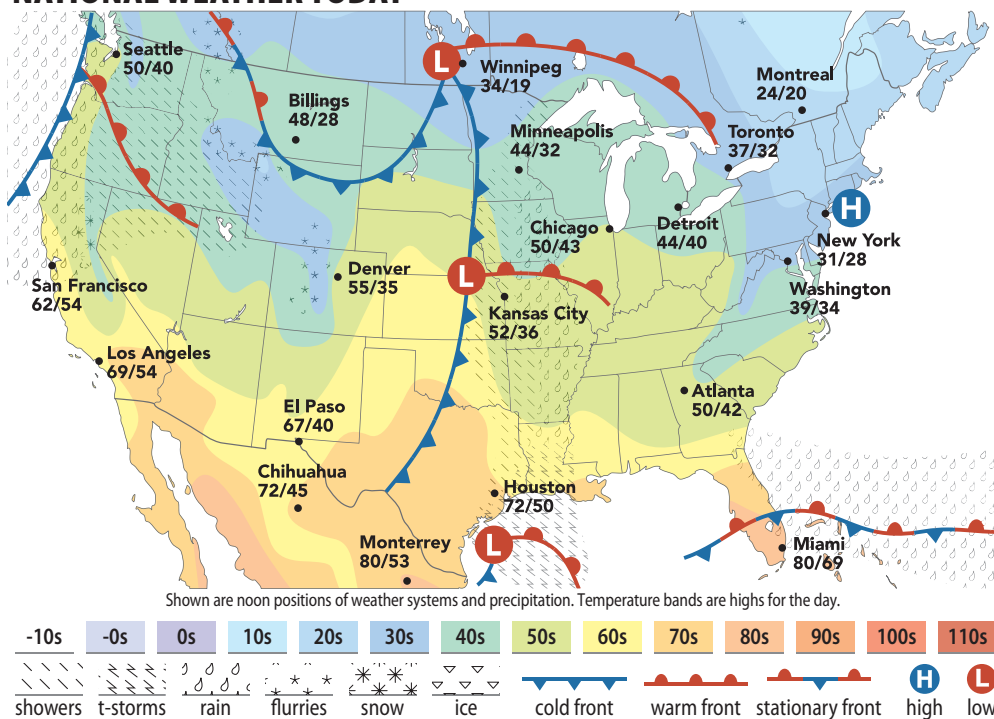


NATIONAL EXTREMES

Yesterday's National Extremes: (for the 48 contiguous states)

High 82° in Pompano Beach, Fla. Low -21° in Raco, Mich.

NATIONAL WEATHER TODAY



Shown are noon positions of weather systems and precipitation. Temperature bands are highs for the day.



ALMANAC

PENDLETON through 3 p.m. yest.

TEMP.	HIGH	LOW
Yesterday	52°	27°
Normals	46°	31°
Records	71° (1933)	-5° (1985)

PRECIPITATION

24 hours ending 3 p.m.	Trace
Month to date	0.10"
Normal month to date	1.03"
Year to date	8.25"
Last year to date	14.70"
Normal year to date	11.02"

HERMISTON through 3 p.m. yest.

TEMP.	HIGH	LOW
Yesterday	44°	24°
Normals	47°	32°
Records	73° (1974)	6° (2013)

PRECIPITATION

24 hours ending 3 p.m.	Trace
Month to date	0.01"
Normal month to date	0.84"
Year to date	6.46"
Last year to date	8.56"
Normal year to date	8.12"

WINDS (in mph)

	Today	Sat.
Boardman	SW 6-12	WSW 6-12
Pendleton	SSW 7-14	WSW 6-12

SUN AND MOON

Sunrise today	7:05 a.m.
Sunset tonight	4:17 p.m.
Moonrise today	5:08 p.m.
Moonset today	7:20 a.m.



Freedom Foundation takes its latest shot at Oregon unions

By **AUBREY WIEBER**
Oregon Capital Bureau

A conservative think tank is suing two Oregon labor unions, saying they are collecting union dues in violation of a U.S. Supreme Court decision last June.

The class-action lawsuit, Anderson et al. v. SEIU et al, was filed on Wednesday in U.S. District Court in Portland.

In June, the Supreme ruled in Janus v. AFSCME that forcing all employees to pay dues and fees when they aren't union members under "fair share" provisions violated the First Amendment.

The decision was considered by some to be a strong blow for organized labor. But in Oregon, where unions have deep roots, the effect has been minimal. Some union leaders reported an increase in membership.

In the months since, thousands of workers in Oregon have asked to withdraw from the unions, according to Aaron Withe, Oregon director of Freedom Foundation, which filed the case this week. About one-fourth was told they could withdraw from their unions, but would have to pay dues through an extended date set by the labor contract. According to the lawsuit, most have about another year to pay.

Freedom Foundation is contesting that extended assessment.

Withe said that since they signed the agreement without knowing about the Janus decision, those agreements aren't valid.

Freedom Foundation sued on behalf of 10 plaintiffs, but claimed in the filing there are hundreds more.

Plaintiffs who were assessed by Service Employees International Union Local 503 include Lorian Anderson, an employee of Western Oregon University; Rene Layton, an employee of the Wallowa County District Attorney's Office; Dennis Richey, an employee for Jackson County; and Melinda Wiltse, who works for Marion County.

Plaintiffs represented by American Federation of State, County and Municipal Employees Council 75 are Kerrin Fiscus, employed by the Oregon Board of Parole; Kenneth Hill, employed by the Oregon Military Department; Michael Miller, employed by the Oregon Department of Corrections; Bernard Perkins, who works for Lane County; Kathie Simmons, employed by the city of Portland

and Kent Wiles, who works for Northwest Senior and Disability Services.

The suit names the two unions, the employers and Katy Coba, the director of the Oregon Department of Administrative Services, as defendants.

Both unions declined to comment, as did the Oregon Department of Administrative Services.

Withe said the Freedom Foundation found the plaintiffs by helping workers opt out of their unions, and offering legal services to those still told they had to pay dues.

Peter Starzynski, executive director of the Northwest Accountability Project, said filing the lawsuit the day before Thanksgiving when people are less likely to be at work was purposeful. The Northwest Accountability Project is a pro-union organization aimed at shedding light on right-wing organizations.

“Their litigation tactics are as political as anything else they do,” he said.

The accountability group has long dealt with the Freedom Foundation, Starzynski said.

“The Freedom Foundation is a political organization that is trying to destroy unions in the northwest on behalf of their out-of-state billionaire funders,” Starzynski said. “Part of their strategy is to file frivolous lawsuits to try to waste unions' time and money.”

But Withe said this isn't about destroying unions, it's about exposing union tactics.

“I think this is just a money-making scheme by the unions,” he said.

While the class-action suit only has 10 members, Withe said the Freedom Foundation has helped 6,500 Oregonians opt out of their union.

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Wieber is a reporter for Salem Reporter who works for the Oregon Capital Bureau, a collaboration of EO Media Group, the Pamplin Media Group, and Salem Reporter.

Corrections

The *East Oregonian* works hard to be accurate and sincerely regrets any errors. If you notice a mistake in the paper, please call 541-966-0818.

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