



# Oregon

Kate Brown, Governor

Department of Revenue  
955 Center St NE  
Salem, OR 97301-2555  
[www.oregon.gov/dor](http://www.oregon.gov/dor)

**DATE:** July 29, 2016

**TO:** Interested Parties

**SUBJECT:** Notice of Proposed Rulemaking

As shown in the enclosed notices, the Department of Revenue intends to adopt, amend and renumber, and repeal administrative rules relating to marijuana tax. The proposed rules are posted on the department's website at <http://www.oregon.gov/DOR/about/Pages/rules.aspx>.

A public hearing is scheduled for 9:00 am to 11:00 am on Tuesday, August 23, 2016 in Salem. We will accept public comment at that time; however you may also send comments to the rules coordinator by e-mail, fax, or telephone until August 23, 2016 at 5:00 pm.

If you wish to testify at the hearing you will need to register prior to the hearing. Registration begins at 8:45 am on August 23, 2016 in the Fishbowl conference room. Please contact the rules coordinator in advance to make alternative arrangements for registration if you are not able to do so at 8:45 am on the day of the hearing. The hearing will close at 9:15 am if no person registers to testify.

In compliance with the Americans with Disabilities Act, this information is available in alternative formats upon request. Please contact me if you have questions.

Lois Williams  
Administrative Rules Coordinator  
Director's Office  
Direct telephone: 503-945-8029  
E-mail: [Rulescoordinator.dor@oregon.gov](mailto:Rulescoordinator.dor@oregon.gov)  
FAX: 503-945-8290

Enclosures: (2)

Notice of Proposed Rulemaking Hearing  
Statement of Need and Fiscal Impact

Secretary of State  
**NOTICE OF PROPOSED RULEMAKING HEARING\***  
A Statement of Need and Fiscal Impact accompanies this form

**FILED**  
7-15-16 7:55 AM  
ARCHIVES DIVISION  
SECRETARY OF STATE

Department of Revenue  
Agency and Division  
Lois Williams  
Rules Coordinator  
Department of Revenue, 955 Center St. NE, Salem, OR 97301  
Address

150  
Administrative Rules Chapter Number  
(503) 945-8029  
Telephone

**RULE CAPTION**

Marijuana Tax: Establishes permanent rules for marijuana tax and medical marijuana cardholder tax exemption provisions.  
Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.

Hearing Date	Time	Location	Hearings Officer
8-23-16	9:00 a.m.	Revenue Bldg, Fishbowl Conf Rm, 955 Center St NE, Salem, OR 97303	Shannon Ball

**RULEMAKING ACTION**

Secure approval of rule numbers with the Administrative Rules Unit prior to filing.

**ADOPT:**  
150-475-2080; 150-475-2090

**AMEND:**

**REPEAL:**  
150-475B.705 T

**RENUMBER:** Secure approval of new rule numbers with the Administrative Rules Unit prior to filing.

**AMEND AND RENUMBER:** Secure approval of new rule numbers with the Administrative Rules Unit prior to filing.  
150-475B.720 amended and renumbered to 150-475-2050

**Statutory Authority:**  
ORS 305.100; 475B.750

**Other Authority:**

**Statutes Implemented:**  
ORS 475B.705; 475B.720; 475B.740; Section 2, Chapter 91, Oregon Laws 2016

**RULE SUMMARY**

150-475-2080 - Makes permanent retailer receipting requirements so that the department can administer the refund provisions in ORS 475B.740, if tax rates change.

150-475-2090 - Establishes procedures for marijuana retailers to verify validity of medical marijuana tax exemptions.

150-475B.705 Temporary - Will be replaced by permanent rule 150-475-2080 effective 10/1/2016.

150-475B.720 amended and renumbered to 150-475-2050 - Modifies existing model recordkeeping rule to include provisions relating to retention of medical marijuana tax exemption information.

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

08-23-2016 5:00 p.m.                      Lois Williams                      lois.j.williams@oregon.gov  
Last Day (m/d/yyyy) and Time              Rules Coordinator Name              Email Address  
for public comment

\*The Oregon Bulletin is published on the 1st of each month and updates the rule text found in the Oregon Administrative Rules Compilation.

Secretary of State  
**STATEMENT OF NEED AND FISCAL IMPACT**  
A Notice of Proposed Rulemaking Hearing accompanies this form.

**FILED**  
7-15-16 7:55 AM  
ARCHIVES DIVISION  
SECRETARY OF STATE

Department of Revenue  
Agency and Division

150  
Administrative Rules Chapter Number

Marijuana Tax: Establishes permanent rules for marijuana tax and medical marijuana cardholder tax exemption provisions.

Rule Caption (Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.)

In the Matter of:

ADOPT:

150-475-2080; 150-475-2090

REPEAL:

150-475B.705 T

AMEND AND RENUMBER:

150-475B.720 TO 150-475-2050

**Statutory Authority:**

ORS 305.100; 475B.750

**Other Authority:**

**Statutes Implemented:**

ORS 475B.705; 475B.720; 475B.740; Section 2, Chapter 91, Oregon Laws 2016

**Need for the Rule(s):**

150-475-2080 - Makes permanent retailer receipting requirements so that the department can administer the refund provisions in ORS 475B.740, if tax rates change.

150-475-2090 - Establishes procedures for marijuana retailers to verify validity of medical marijuana tax exemptions.

150-475B.705 Temporary - Is being replaced by permanent rule 150-475-2080 effective 10/1/2016.

150-475B.720 amended and renumbered to 150-475-2050 - Modifies existing model recordkeeping rule to include provisions relating to retention of medical marijuana tax exemption information.

**Documents Relied Upon, and where they are available:**

Oregon Revised Statutes, available online through Legislative Counsel. (<https://www.oregonlegislature.gov/>)

**Fiscal and Economic Impact:**

There is no fiscal impact due to the implementation of these rules. Authorities provided for the Oregon Department of Revenue to implement and enforce the marijuana tax program under ORS 475B.700 to 475B.760 are similar to the income tax withholding program.

There may be a minor economic impact on marijuana retailers as they align their business practices with these rules.

**Statement of Cost of Compliance:**

**1. Impact on state agencies, units of local government and the public (ORS 183.335(2)(b)(E)):**

There is no impact to state agencies and a de minimis effect on the counties and the public. These rules allow the Oregon Department of Revenue to administer and enforce the marijuana point-of-sale tax exemption for medical consumers and the refund provisions in ORS 475B.740.

**2. Cost of compliance effect on small business (ORS 183.336):**

**a. Estimate the number of small business and types of businesses and industries with small businesses subject to the rule:**

Oregon has 354 medical marijuana dispensaries that are currently selling recreational marijuana items for the Early Start Marijuana Tax Program, and it's estimated that approximately 350 marijuana retailers will be licensed by the Oregon Liquor Control Commission and selling recreational marijuana items by the end of the 2015-17 biennium. There are an estimated 2,100 retail jobs currently in the legal marijuana

market, resulting in an average of approximately seven retail employees per dispensary.

Marijuana Cash Handling Budget Narrative, 2015-17 Governor's Budget  
<http://www.cannabisjobsreport.com/>

**b. Projected reporting, recordkeeping and other administrative activities required for compliance, including costs of professional services:**

The new recordkeeping requirements will generally be handled by a series of point-of-sale system vendors; essentially, once the specifications and requirements are programmed into the software, there should not be any particular difference in operations for the vendors, and the changes seem to have been viewed as regular maintenance. Businesses that do not use common point-of-sale vendors may have to keep more detailed records of their tax exempt sales.

We are estimating that tracking the tax exemption will add approximately one hour per week in additional bookkeeping time. Depending on bookkeeping costs, this could range between \$20 to \$50 per hour and, accordingly, \$20 to \$50 extra per week.

The "validation of card" requirement will be little different than the status quo, as businesses already review photo identifications of all customers. We anticipate no increase in cost related to these provisions.

**c. Equipment, supplies, labor and increased administration required for compliance:**

There are no known increases.

**How were small businesses involved in the development of this rule?**

We solicited feedback from numerous stakeholders via email, including the Oregon Cannabis Association. Feedback we received in relation to these rules was only in reaction to the temporary rule relating to receipting requirements. Objections were not about the requirements themselves, but rather on the short implementation timeline. The requirements themselves were not considered particularly onerous.

**Administrative Rule Advisory Committee consulted?: No**

**If not, why?:**

The Oregon Department of Revenue did not use a formal Advisory Committee for these rules. However, we did seek input from groups of industry representatives. No Administrative Rule Advisory Committee was consulted because the above groups were contacted, and they have the interest and expertise necessary to provide adequate feedback on these proposed rules. At the recommendation of the Oregon Cannabis Association, we are considering implementing such a committee for future rule changes.

08-23-2016 5:00 p.m.	Lois Williams	lois.j.williams@oregon.gov
Last Day (m/d/yyyy) and Time for public comment	Printed Name	Email Address