



Members of the Fiscal Estimate Committee,

My name is Sam Chapman and I am the Campaign Manager for IP 34, the Psilocybin Therapy Initiative.

In advance of your meeting to consider the fiscal impact of our initiative, I wanted to share with you some of the thinking behind the proposal and why we believe that the initiative itself will be at best a small revenue generator for the state and at worst a revenue neutral program to facilitate.

For background, if voters pass IP 34 it will create a licensed psilocybin therapy program in the state of Oregon. For those of you not familiar with psilocybin therapy, there is a growing amount of research that shows that psilocybin therapy can be a breakthrough treatment for many Oregonians that suffer from depression and anxiety. Leading medical institutions at John Hopkins, UCLA, NYU and others have found great success, and the FDA recently granted psilocybin therapy “breakthrough status” — which means it shows efficacy in treatments where other pharmaceutical treatments have failed.

Creating a licensed system in Oregon for this type of therapy would allow for Oregonians to access this treatment in a system that priorities safety, training and regulation.

IP 34 calls for the state to create a licensing program for this treatment, and for the Oregon Health Authority to oversee the creation of the program and the licensing implementation.

The initiative imagines two sources of income to pay for the program: taxes on psilocybin and licensure fees. The goal of creating these two revenue streams was to create enough revenue to make the program revenue neutral at least. Neither stream of income will match the kind of resources that retail cannabis brings to Oregon. IP 34 does not allow retail sales of psilocybin, there is no home use of psilocybin, so production and sales of psilocybin itself is likely to be modest.

However, fee amounts were not set in statute for the sole purpose of making sure that the OHA could set fees in such a manner that program costs are recovered without a cost to the General Fund.

See the below breakdown of revenues received by the Oregon Health Authority (“OHA”) and the Oregon Department of Revenue (“ODR”) The numbers are references to the section numbers of IP 34.

#### Psilocybin Control and Regulation Fund

- 69 – Creation of Psilocybin Control and Regulation Fund (the “Psilocybin Fund”). Moneys in the fund are continuously appropriated to the OHA.

This allows for the monies raised from psilocybin to be more easily directed to protect the program.

#### License Fees / Civil Penalties

- 8(5) / 23(5) / 26(4) / 30(5) / 97(7) – License fees are deposited into the Psilocybin Fund.
- 75 / 112 – Civil penalties imposed on licensees are deposited into the Psilocybin Fund.

By putting all license revenue directly into the Psilocybin Fund, we are again prioritizing self-reliance for the program.

#### Retail Sales Tax

- 113 to 127 – ODR collects retail sales tax from service centers.
- 127(a) – Tax revenues are used to reimburse ODR for the costs and expenses of administering and enforcing the tax collection.
- 127(b) – After ODR's expenses are reimbursed, any excess tax revenues are transferred to the Psilocybin Fund.
- 45(4) – EXCEPTION TO THE PREVIOUS BULLET POINT: If the OHA enters into an agreement with the OLCC whereby the OLCC permits the OHA to use the OLCC's cannabis tracking system for tracking psilocybin products, then before any excess tax revenues are transferred to the Psilocybin Fund, the ODR will reimburse the OLCC for any costs and expenses the OLCC incurs in permitting the OHA to use the OLCC's system.

Again, monies raised by the sale of psilocybin in these licensed centers will be directed, by law, to cover the core costs of the program.

Thank you for your service on this committee and your time dedicated to this matter. I will be attending the public meetings you hold and will be glad to answer any questions you may have at that time.

Best,

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