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Audit Update: City Improved Transparency and Accountability of the Cannabis Tax

News Article



This is a two-year follow-up to our 2019 report, "Cannabis Tax: Greater transparency and accountability needed."

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This is our second follow up on our 2019 audit [Recreational Cannabis Tax: Greater transparency and accountability needed](#). In that report, we found that most of the taxes had been used for police and transportation programs, even though the tax had been promoted to benefit individuals and cannabis businesses owners who had been adversely affected when cannabis was illegal. We made two recommendations to improve the transparency of tax allocation decisions and results, including improving the grants process.

The Office of Community and Civic Life has implemented both recommendations. It worked with City Council to change the decision-making

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process, increase transparency of the tax allocation, and improve the grants process.

Two recommendations implemented



- **Accountable tax allocation framework developed**

To provide transparency and accountability, and to guide and focus funding decisions, we recommended that Civic Life work with Council to develop a tax allocation framework that includes:

- An oversight committee to provide input to Council on how tax revenue should be allocated;
- Discussions of cannabis tax fund allocations in budget work sessions; and,
- Annual reports to oversight committees and the public on how tax funds are allocated and providing the rationale behind Council decisions and outcomes.

Civic Life worked with Council to change the allocation process by making it transparent and including the public in the allocation decisions. Civic Life convened and worked with the Cannabis Policy Oversight Team, adopted the team's recommendations, and provided input to Council. Council discussed tax allocations in budget work sessions, and City bureaus requested funding generated by the tax. Civic Life reported cannabis tax allocations to the oversight committee and publicly on its website.

- **Transparent grants process implemented**

To ensure an effective, timely and competitive distribution of cannabis grants, we recommended that Civic Life develop a transparent process, including clarification for how the grants will be awarded and managed, what outcomes will be achieved, and how outcomes will be reported to City Council.

Civic Life improved its process by developing goals and a timeline. A community panel reviews proposals for grant funding. Civic Life aligned the grants process in 2021 with the City's fiscal year and allocated \$1.8 million in Social Equity and Educational Development (SEED) grants, which is more than the three previous years combined. The initiative's goals are to rectify past racially-biased cannabis policies and disparate cannabis-related arrests and repair the lasting legal, social, economic,

and inter-generational consequences past cannabis prohibition had on Black and brown communities. Civic Life reported the grant allocations to the public and made it easily accessible to potential grantees.

View the [2019 audit report and recommendations](#) and our [1-year follow up report](#).

Visit our online dashboard to track the status of recommendations from other reports

Audit Team: Alexandra Fercak, Performance Auditor II