

RESOLUTION No. 37217 As Amended

Refer a measure to City voters for the November 8, 2016 election establishing a three percent tax on recreational marijuana sales in the City of Portland with revenues allocated to drug and alcohol treatment, public safety investments, and support for neighborhood small businesses by amending City Code Chapters 6.07 and 5.04 (Resolution)

WHEREAS, the Oregon voters approved Measure 91 in November, 2014, legalizing the sale and consumption of marijuana, and allowing local government limited time place and manner regulatory authority over licensed premises that grow, produce, sell, and transfer marijuana and marijuana items; and

WHEREAS, concurrent with the voters' passage of Measure 91, the Portland City Council unanimously approved an ordinance adopting City Code Chapter 6.07 to establish a 10% tax on local sales of recreational marijuana; and

WHEREAS, within City Code Chapter 6.07, the Council exempted sales of marijuana to medical marijuana card holders from taxation; and

WHEREAS, the 2015 Oregon Legislature enacted HB 3400, revising the authority given to local governments over dispensaries selling or transferring marijuana and marijuana items, and enacted SB 460, allowing medical marijuana dispensaries registered with the Oregon Health Authority to sell limited amounts of retail marijuana and immature plants to adults over the age of 21, beginning Oct 1, 2015 and continuing until December 31, 2016 with a 25 percent tax on the sale of recreational marijuana at medical dispensaries until December 31, 2016; and

WHEREAS, the 2015 Oregon Legislature set the tax base for at 17 percent for the sales of recreational marijuana beginning January 1, 2017; and

WHEREAS, Measure 91 provided distribution of only one tenth of state tax revenues after costs to cities for enforcement of the measure; and

WHEREAS, the 2015 Oregon Legislature required local jurisdictions to seek voter approval for any local tax of up to three percent on recreational sales at a general election; and

WHEREAS, the Council recognizes that the voters' approval of Measure 91 indicates a desire for the safe integration of a legitimate and regulated marijuana industry into the community that allows the industry to operate while also ensuring that public safety and livability are maintained and protected; and

WHEREAS, the City of Portland Marijuana Policy Program was established by Council in November 2014 to oversee marijuana business licensing and compliance and address community and industry concerns; and

WHEREAS, the City is financially constrained in its ability to address the public health and safety impacts of drug and alcohol consumption, and to educate the public about the wise

consumption and beneficial uses of marijuana; and

WHEREAS, the State of Washington levies a 37 percent excise tax on recreational marijuana sales, and the State of Colorado levies a total of 27.9 percent in sales, special and excise taxes on recreational marijuana, which tax rates are far greater than the potential combined total of 20 percent in state and local taxes applicable to recreational sales in Portland if the three percent tax is approved by voters; and

WHEREAS, the City of Portland has decided to refer a measure to the voters at the November 8, 2016 election, which if approved would amend the City of Portland Code to establish a three percent tax on the recreational marijuana sales and establish a recreational marijuana tax fund.

NOW THEREFORE BE IT RESOLVED that the Council submits an Act, attached to this resolution as Exhibit A, entitled: "A Measure, amending the City of Portland Code, Title 6 Special Taxes and Title 5 Revenue and Finance by ordinance to provide for a tax on recreational marijuana sales" to the legal voters of the City of Portland, Oregon for adoption or rejection at the election in the City of Portland, Multnomah County, Clackamas County, and Washington County to be held on November 8, 2016. Each voter who votes upon said proposed measure shall vote "yes" or "no" in the space indicated for such vote on the City ballot at said election; and

BE IT FURTHER RESOLVED, the funds collected from the tax on recreational marijuana sales, which are estimated to be \$3 million per year, shall be dedicated for the purposes of:

- Drug and alcohol education and treatment programs, including but not limited to services that increase access to these programs and programs that support rehabilitation and employment readiness.
- Public safety investments to reduce impacts of drug and alcohol abuse such as police DUII training and enforcement, support for firefighter paramedics, street infrastructure projects that improve safety, other initiatives to reduce the impacts of drug and alcohol abuse;
- Support for neighborhood small businesses, especially women-owned and minority-owned businesses, including but not limited to business incubator programs, management training, and job training opportunities; and providing economic opportunity and education to communities disproportionately-impacted by cannabis prohibition; and

BE IT FURTHER RESOLVED that a tax on recreational marijuana sales would be subject to independent City Budget Office oversight, annual public reporting, an annual City Council vote on allocation, and periodic audits on the use of funds by the City Auditor or an independent contractor; and

BE IT FURTHER RESOLVED, the Recreational Marijuana Tax program shall be managed by the Director of the Revenue Division of the Bureau of Revenue and Financial Services, who shall be authorized to enter into contracts or agreements with the State of Oregon for collection of the tax, if authorized by the voters; and

BE IT FURTHER RESOLVED that the Council submits a ballot title for the November 8, 2016

election ballot, as shown in Exhibit B attached to this resolution; and

BE IT FURTHER RESOLVED that the Council directs the Auditor to publish the ballot title as shown in Exhibit B in accordance with City Code; and

BE IT FURTHER RESOLVED that Commissioner Amanda Fritz as the sponsoring elected official shall submit an explanatory statement to the City Auditor for publication in the Multnomah, Clackamas and Washington County voters' pamphlets; and

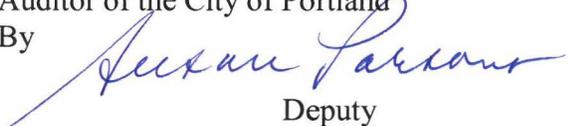
BE IT FURTHER RESOLVED that the City Auditor is directed to forward to Multnomah, Clackamas and Washington County Elections offices all materials necessary to place the measure on the November 8, 2016 Election ballot.

Adopted by the Council: JUN 22 2016

Commissioner Amanda Fritz
Prepared by: Cristina Nieves
Date Prepared: June 10th, 2016

Mary Hull Caballero
Auditor of the City of Portland

By

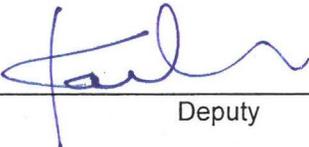


Deputy

Agenda No. **RESOLUTION NO. 37217** As Amended

Title

Refer a measure to City voters for the November 8, 2016 election establishing a three percent tax on recreational marijuana sales in the City of Portland with revenues allocated to drug and alcohol treatment, public safety investments and support for innovative neighborhood businesses by amending City Code Chapters 6.07 and 5.04 (Resolution) *small*

<p style="text-align: center;">INTRODUCED BY Commissioner/Auditor: Commissioner Fritz</p>	<p>CLERK USE: DATE FILED <u>JUN 14 2016</u></p>
<p style="text-align: center;">COMMISSIONER APPROVAL</p> <p>Mayor—Finance and Administration - Hales</p> <p>Position 1/Utilities - Fritz <i>Amend Fritz</i></p> <p>Position 2/Works - Fish</p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Novick</p>	<p style="text-align: center;">Mary Hull Caballero Auditor of the City of Portland</p> <p>By:  Deputy</p>
<p style="text-align: center;">BUREAU APPROVAL</p> <p>Bureau: Bureau Head:</p>	<p>ACTION TAKEN:</p>
<p>Prepared by: Claire Adamsick Date Prepared: June 9, 2016</p>	
<p>Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p>	
<p>Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>	
<p><input checked="" type="checkbox"/> City Auditor Office Approval: required for Code Ordinances <i>Toni</i></p>	
<p><input checked="" type="checkbox"/> City Attorney Approval: required for contract, code, easement, franchise, comp plan, charter <i>Mary Hull Caballero</i></p>	
<p>Council Meeting Date June 22, 2016</p>	

AGENDA
<p>TIME CERTAIN <input checked="" type="checkbox"/> Start time: 2:00 PM</p> <p>Total amount of time needed: 3 hours (for presentation, testimony and discussion) First (1) of two (2) sessions</p>
<p>CONSENT <input type="checkbox"/></p>
<p>REGULAR</p> <p>Total amount of time needed: (for presentation, testimony and discussion)</p>

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	✓	
2. Fish	2. Fish	✓	
3. Saltzman	3. Saltzman	✓	
4. Novick	4. Novick	✓	
Hales	Hales	✓	