

EXHIBIT A

Amend the following sections in Chapter 6.07:

6.07.050 Seller Responsible for Payment of Tax.

- A. Every Seller must, on or before the last day of the month following the end of each calendar quarter (in the months of April, July, October and January) make a return to the Director, on forms provided by the Revenue Division or designee, specifying the total sales subject to PCC 6.07 and the amount of tax collected under PCC 6.07. The Seller may request, or the Director may establish, shorter reporting periods for any Seller if the Seller or Director deems it necessary in order to ensure collection of the tax. The Director may require further information in the return relevant to the payment of the tax. A return is not considered filed until it is actually received by the director.
- B. ~~At the time the return is filed,~~ The Seller must remit to the Director the full amount of the tax collected for each month by the last day of the subsequent month. Payments must be remitted with forms provided by the Revenue Division or designee, specifying the total sales subject to PCC 6.07 and the amount of tax collected under PCC 6.07. Payments received by the Director for application against existing liabilities will be credited toward the period designated by the Taxpayer under conditions that are not prejudicial to the interest of the City. A condition considered prejudicial is the imminent expiration of the statute of limitations for a period or periods.
- C. The City will apply non-designated payments in the order of the oldest liability first, with the payment credited first toward any accrued penalty, then to interest, then to the underlying tax until the payment is exhausted. Crediting of a payment toward a specific reporting period will be first applied against any accrued penalty, then to interest, then to the underlying tax.
- D. If the Director, in his or her sole discretion, determines that an alternative order of payment application would be in the best interest of the City in a particular tax or factual situation, the Director may order such a change. The Director also may require additional information in the return relevant to payment of the liability. When a shorter return period is required, penalties and interest will be computed according to the shorter return period. Returns and payments are due immediately upon cessation of business for any reason. Sellers must hold in trust all taxes collected pursuant to PCC 6.07 on the City's behalf until the Seller makes payment to the Director. A separate trust bank account is not required in order to comply with this provision, unless the Director determines one necessary to ensure collection of the tax.
- E. Every Seller must keep and preserve in an accounting format established by the Director records of all sales made by the Seller and such other books or accounts as the Director may require. Every Seller must keep and preserve for a period of

three years after the tax was due or paid, whichever is later, all such books, invoices and other records. The Director has the right to inspect all such records at all reasonable times.

6.07.060 Penalties and Interest.

- A. Any Seller who fails to remit any portion of any tax imposed by PCC 6.07 within the time required must pay a penalty of ~~15 percent of the entire amount of the~~ unpaid tax, in addition to the amount of the tax.
- B. If any Seller fails to file any return for a period in excess of one month after the return due date, there shall be added to the amount of tax required to be shown on the return a failure to file penalty of 20 percent of the amount of the tax. Thereafter the Director or designee may send a notice and demand to the person to file a report or return within 30 days of the mailing of the notice. If after the notice and demand no report or return is filed within the 30 days, the Director or designee may determine the tax according to the best of its information and belief, assess the tax with appropriate penalty and interest plus an additional penalty of 25 percent of the tax deficiency determined by the department and give written notice of the determination and assessment to the person required to make the filing. If any Seller fails to remit any delinquent remittance on or before a period of 30 days following the date on which the remittance first became delinquent, the Seller must pay a second delinquency penalty of 15 percent of the entire amount of the tax in addition to the amount of the tax and the penalty first imposed.
- C. In addition to the penalties stated in PCC 6.07.060 A. and PCC 6.07.060 B., if tax returns are not filed by the due date for three consecutive years, a penalty of 100 percent of the unpaid tax will be assessed for each year. If the Director determines that the nonpayment of any remittance due under PCC 6.07 is due to fraud, a penalty of 25 percent of the entire amount of the tax will be added thereto in addition to the penalties stated in PCC 6.07.060 A. and PCC 6.07.060 B.
- D. If the Director determines that the nonpayment of any remittance due under PCC 6.07 is due to fraud, a penalty of 25 percent of the entire amount of the tax will be added thereto in addition to the penalties stated in PCC 6.07.060 A., PCC 6.07.060 B. and PCC 6.07.060 C.
- ~~D.E.~~ In addition to the penalties imposed, any Seller who fails to remit any tax imposed by PCC 6.07 must pay ~~compound~~ interest at the annual rate of ~~one~~ five percent ~~per month or fraction thereof~~ on the amount of the unpaid tax, ~~inclusive of penalties,~~ from the date on which the remittance first became delinquent until paid. The interest rate will remain at five percent unless this rate is adjusted under the administrative authority of the Director or designee to reflect then current national market conditions for interest rates.
- ~~E.~~ Every penalty imposed, and any interest that accrues under the provisions of PCC 6.07.060, becomes a part of the tax required to be paid.

- F. All sums collected, including penalty and interest, will be distributed to the City's Recreational Marijuana Tax Fund.
- G. Penalties for certain late tax payments may be waived or reduced pursuant to policies and processes adopted by the Director. ~~However, the Director is not required to create a penalty waiver or reduction policy. If the Director does not create a policy for waivers or reductions, no waivers or reductions are allowed.~~

6.07.070 Failure to Report and Remit Tax – Determination of Tax by Director.

- A. If any Seller fails to make any report of the tax required by PCC 6.07 within the time provided in PCC 6.07, the Director ~~will~~ may proceed to obtain facts and information on which to base the estimate of tax due. As soon as the Director procures such facts and information upon which to base the assessment of any tax imposed by PCC 6.07 and payable by any Seller, the Director ~~will~~ may determine and assess against such Seller the tax, interest and penalties provided for by PCC 6.07.
- B. If the Director makes a determination as outlined in PCC 6.07.070 A., the Director must give notice to the Seller of the amount assessed. The notice must be personally served on the Seller or deposited in the United States mail, postage prepaid, addressed to the Seller at the last known place of address.
- C. The Seller may appeal the determination as provided in PCC 6.07.080. If no appeal is timely filed, the Director's determination is final and the amount assessed is immediately due and payable.

6.07.080 Appeal.

- A. Any Seller aggrieved by any decision of the Director with respect to the amount of the tax owed along with interest and penalties, if any, may appeal the decision to the Director or designee. ~~the Business License Appeals Board as created under PCC 7.02.295.~~
- B. The Seller must file ~~the appeal within 30 days of the City's serving or mailing of the determination of tax due.~~ The Seller must file using forms provided by the City follow the administrative appeal process that is set forth by the Director or designee.
- C. ~~Upon receipt of the appeal form, the City will schedule a hearing to occur within 90 calendar days. The City will give the Seller notice of the time and date for the hearing no less than seven days before the hearing date. At the hearing the Business License Appeals Board will hear and consider any records and evidence presented bearing upon the Director's determination of amount due and make findings affirming, reversing or modifying the determination. The Director and the appellant may both provide written and oral testimony during the hearing. The findings of the Business License Appeal Board are final and conclusive. The City will serve the findings upon the appellant in the manner prescribed above for service of notice~~

of hearing. Any amount found to be due is immediately due and payable upon the service of notice.

6.07.090 Credits/Refunds.

- A.** The ~~City~~ Director may credit to the Seller any tax, interest or penalty amount under any of the following circumstances:
1. The Seller has overpaid the correct amount of tax, interest or penalty; or
 2. The Seller has paid more than once for the correct amount owed; or
 3. The City has erroneously collected or received any tax, interest or penalties.
- ~~**B.** The City may not issue a credit under PCC 6.07.090 unless the Seller provides to the director a written claim under penalty of perjury stating the specific grounds upon which the claim is founded and on forms furnished by the director. The Seller must file the claim within one year from the date of the alleged incorrect payment to be eligible for a credit.~~
- ~~**C.** The Director has 30 calendar days from the date of the claim's receipt to review the claim and make a written determination as to its validity. After making the determination, the Director will notify the claimant in writing of the determination by mailing notice to the claimant at the address provided on the claim form.~~
- ~~**DB.** If the Director determines the claim is valid, the claimant may take as credit against taxes collected and remitted the amount that was overpaid, paid more than once, or erroneously received or collected by the eCity.~~
- ~~**EC.** In cases where a there is no future filing to claim the credit or other circumstances where a credit amount should be refunded, the claimant may petition the director to have the credit amount refunded to the claimant.~~
- ~~**F.** The City will not pay a refund unless the claimant establishes by written records the right to a refund and the Director acknowledges the claim's validity.~~
- ~~**G.** The Director may, upon request of the claimant or the Revenue Division, extend the deadlines to file a refund/credit claim or review a refund/credit claim by up to 60 additional days for good cause.~~

6.07.140 Forms and Regulations.

- A.** The Director is authorized to enter into contracts or agreements relating to the administration of PCC 6.07, including intergovernmental agreements with the State of Oregon as provided in ORS 305.620, and to prescribe forms and promulgate rules, policies and regulations to aid in the making of returns, the ascertainment, assessment and collection of the marijuana tax and to provide for:

1. A form of report on sales and purchases to be supplied to all Sellers;
2. The records that Sellers providing, mixing, serving, or handling marijuana and marijuana-infused products must keep concerning the tax imposed by PCC 6.07.

B. Notwithstanding any other provisions in this chapter, the State of Oregon, if appointed as the designee, may apply the provisions of ORS 475B.700 to ORS 475B.755 in the administration of the Portland tax.