

# Recreational Cannabis Tax Fund

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**Managing Bureau:** City Budget Office

**Statement of Purpose:** The purpose of the Fund is to receive gross revenues received from the Recreational Cannabis Tax, to provide funding for the purposes identified in Section 6.07.145 of this Code and costs related to the administration of the tax. Except for those established purposes, in no case shall revenues be transferred from the Recreational Cannabis Tax Fund to the City's General Fund, or any other fund, for any other purpose.

**Sources of Revenue:** The Recreational Cannabis Tax receives revenues from a three percent tax on recreational cannabis sales in the City of Portland.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the fund. When appropriate, the City Budget Office will budget contingency to mitigate against the impacts of shortfalls in forecast revenue.

**Reserve Requirements:** ~~There are no reserve requirements for this fund.~~ The City Budget Office shall maintain a Cannabis Reserve program set at ten percent of the Cannabis Fund resources less beginning fund balance. In the event of a forecasted decline in revenues, this reserve will be reduced prior to reductions to other ongoing programs. Additionally, there will be no new allocations of revenue unless the Cannabis Reserve meets the ten percent threshold.

**Disposition of Funds:** If the tax is sunset at a future date, all funds will be disbursed for the purposes identified in Section 6.07.145 of this Code and costs related to the administration of the tax.

Responsibilities of the City Budget Office are as follows:

- Forecast revenues and communicate forecast updates to Council and bureaus that are funding activities with recreational cannabis tax revenues
- Manage all budgetary and financial activity within the Recreational Cannabis Tax parent fund (i.e., 227000)
- Establish and manage budgeted contingency for the legal fund
- Establish a unique bureau-specific sub-fund within Recreational Cannabis Tax legal fund in SAP for every bureau that is funding activities with recreational cannabis tax revenues

Responsibilities of bureaus that are funding activities with recreational cannabis tax revenues are as follows:

- Budget and record activities funded with recreational cannabis tax revenues within bureau-specific sub-fund (e.g., 227001)
- Make mid-year budget adjustments as necessary in response to revenue shortfalls
- Establish and maintain financial controls to ensure only eligible activities are recorded within bureau-specific sub-fund. Eligible activities are defined in PCC 6.07.145
- Take prompt corrective action to resolve issues concerning ineligible activity posted to bureau-specific sub-fund