

IMPACT STATEMENT

Legislation 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)

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Presenters name: Claire Adamsick, Senior Policy Advisor, Commissioner Fritz

Purpose of proposed legislation and background information

This Resolution asks City Council to refer a measure on a 3% tax on the sales of recreational marijuana to the November 8, 2016 ballot.

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.

Prior passage of Measure 91, the Portland City Council unanimously approved an ordinance establishing a 10% tax on local sales of recreational marijuana, with an exemption for medical dispensary sales of marijuana and marijuana items to medical marijuana card holders.

In 2015, Oregon Legislature enacted HB 3400, which revised the authority given to local governments over dispensaries selling or transferring marijuana and marijuana items. The legislature also 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.

The 2015 Oregon Legislature set the tax base for at 17 percent for the sales of recreational marijuana beginning January 1, 2017. Measure 91 had provided for distribution of only one tenth of state tax revenues after costs to cities for enforcement of the measure.

Additionally, the 2015 Oregon Legislature allowed local jurisdictions to ask for voter approval of an additional three percent local tax in the 2016 general election.

The passage of Measure 91 indicated voters' 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.

Provided that Portland voters approve a measure on the 3% tax on recreational marijuana sales, the funds collected from the tax on recreational marijuana sales, which are estimated to be \$3 million per year, shall be used 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 innovative neighborhood 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.

Financial and budgetary impacts

City Council's action to refer a 3% tax on marijuana sales to voters in the November 2016 election has no direct financial or budgetary impact.

If Council refers the ballot measure and voters subsequently approve it, annual revenues are estimated to be \$3 Million and 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.

Community impacts and community involvement

The passage of Measure 91 indicated voters' 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.

Commissioner Fritz and her staff met with Cannabis Industry Leaders to discuss the proposal. Participants included representatives from the Oregon Cannabis Association, Minority Cannabis Business Association, industry consultants and marijuana business owners.

The Marijuana Policy Oversight Team (MPOT) is a City advisory body comprised of representatives from the cannabis industry, communities of color, hospitality and tourism, and education. The MPOT plays a critical and ongoing role of evaluating and making recommendations on future City policy initiatives. In the immediate term, the MPOT will explore issues such as social consumption, illegal markets, and youth education and prevention.

Budgetary Impact Worksheet

Does this action change appropriations?

- YES:** Please complete the information below.
- NO:** Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount