

RESOLUTION NO. 3040

A RESOLUTION CALLING FOR AN ELECTION ON ESTABLISHMENT OF A
RECREATIONAL MARIJUANA SALES TAX

Findings

- A. The Oregon Legislature enacted House Bill 3460 (2013) and HB 3400 (2015), the latter implementing Measure 91, which together require the Oregon Health Authority and the Oregon Liquor Control Commission to develop and implement processes to register medical marijuana dispensaries and retail marijuana dispensaries.
- C. The Oregon Legislature enacted HB 2041 (2015), which imposes a state tax on the sale of recreational marijuana at a temporary rate of 25% until December 31, 2016, and a permanent base tax rate of 17% for the sale of recreational marijuana starting January 1, 2017.
- D. ORS 475B.345 allows the City of Bend to impose a local tax of up to 3% on the retail sale of recreational marijuana items sold within the City if the local tax is approved by voters of the City at a statewide general election.
- E. The City of Bend has one of the lowest property tax rates in the state and state law restricts its ability to increase the permanent property tax rate. As a result, the City has limited resources and has to make difficult decisions regarding the allocation of resources.
- F. The Bend City Council has determined that a local marijuana sales tax is an appropriate way to provide revenue to the general fund.
- G. City of Bend Charter Section 40 requires voter approval of any direct tax on the sale of goods or services. ORS 475B.345 requires voter approval of local marijuana sales taxes. The City Council is adopting this resolution to allow the voters to decide whether to approve a three percent tax on recreational marijuana sales.

Based on these findings, THE CITY OF BEND RESOLVES AS FOLLOWS:

- Section 1. An election is called in and for the City of Bend for the purpose of submitting to the legal voters of the City the question: "Should Bend impose a 3% tax on the sale of recreational marijuana?" A copy of the proposed ordinance to adopt the tax that is being referred is attached as Exhibit A.
- Section 2. Tuesday, November 8, 2016, is designated as the date for holding the election on the question stated in Section 1.

- Section 3. The election will be conducted by the Deschutes County Elections Department.
- Section 4. The precincts for the election shall include all territory within the City of Bend and no other territory.
- Section 5. The ballot title to appear on the ballot shall be:

CAPTION:

Recreational Marijuana Sales Tax

QUESTION:

Should Bend impose a 3% tax on the sale of recreational marijuana?

SUMMARY:

This measure, if approved, would authorize Bend to impose a 3% tax on recreational marijuana sold within the City. The sale of medical marijuana to registered medical marijuana cardholders shall not be taxed.

If approved, proceeds from the tax will go to the City's general fund. Most of the general fund is spent on public safety, including police and fire services, but the general fund can be used for any city expenditure.

A copy of the Ordinance adopting the tax may be reviewed at City Hall or at www.bendoregon.gov.

If approved, the measure would take effect on January 1, 2017.

- Section 6. The Council adopts the Explanatory Statement for the Voters' Pamphlet attached as Exhibit B.
- Section 7. The City Recorder and staff shall take all necessary steps to effectuate this resolution, including providing public notice and submitting required materials to the County Elections Officer. If the measure is approved, the City will act consistently with the ballot title and explanatory statement.
- Section 8. This resolution takes effect immediately upon passage.

Adopted by a 7-0 vote of the Bend City Council on August 3, 2016.



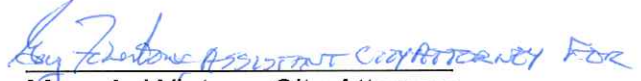
Jim Clinton, Mayor

ATTEST:



Robyn Christie, City Recorder

APPROVED AS TO FORM:



ASSISTANT CITY ATTORNEY FOR

Mary A. Winters, City Attorney

Exhibit A

ORDINANCE NO. _____

AN ORDINANCE AMENDING THE BEND CODE TITLE XII BY ADDING CHAPTER 12.20 RECREATIONAL MARIJUANA SALES TAX

Findings:

- A. The Oregon Legislature enacted House Bill 3460 (2013) and HB 3400 (2015) , the latter implementing Measure 91, which together require the Oregon Health Authority and the Oregon Liquor Control Commission to develop and implement processes to register medical marijuana dispensaries and retail marijuana dispensaries.
- B. The Oregon Legislature enacted HB 2041 (2015), which imposes a state tax on the sale of recreational marijuana at a temporary rate of 25% until December 31, 2016, and a permanent base tax rate of 17% for the sale of recreational marijuana starting January 1, 2017.
- C. ORS 475B.345 allows the governing body of a city to adopt an ordinance imposing up to a 3% local tax on the sale of recreational marijuana to be put before the voters of the city in the next statewide general election.
- D. The City Council desires to impose a 3% local tax on the sale of recreational marijuana within the City of Bend.

Based on these findings, THE CITY OF BEND ORDAINS AS FOLLOWS:

Section 1. Bend Code Chapter Title XII is amended by adding a new Chapter 12.20 Recreational Marijuana Sales Tax to read follows:

12.20.010 Definitions.

12.20.015 Recreational Marijuana Sales Tax Imposed.

12.20.010 Definitions.

The following definitions apply in this chapter:

- A. **Consumer** means a person who purchases, acquires, owns, holds, or uses marijuana items other than for the purpose of resale.
- B. **Marijuana item** means marijuana, cannabinoid products, cannabinoid concentrates, and cannabinoid extracts as defined in this chapter, Oregon State law, and any other applicable law.
- C. **Marijuana retailer** means a person licensed under ORS 47B.110 who sells marijuana items to a consumer in the State of Oregon.

D. **Recreational marijuana** means any marijuana or marijuana item intended for recreational use which meets all requirements for recreational marijuana contained in this chapter, Oregon State law, and any other applicable law.

E. **Tax administrator** means the Finance Director of the City of Bend.

12.20.015 Recreational Marijuana Sales Tax Imposed.

A. Effective January 1, 2017, each consumer shall pay a local sales tax in the amount of 3% on recreational marijuana sold. Tax amounts shall be rounded down to the nearest cent. The marijuana retailer shall maintain records of all recreational marijuana items sold and local recreational marijuana sales tax received. The amount of the local recreational marijuana sales tax shall be stated separately from any other charges on all receipts or invoices issued by the marijuana retailer.

Section 2. If approved, this Ordinance shall become effective on January 1, 2017.

First Reading:

Second Reading and Adoption by Roll Call Vote:

YES:

NO:

Jim Clinton, Mayor

ATTEST:

Robyn Christie, City Recorder

Approved as to form:

Mary A. Winters, City Attorney

EXHIBIT B

EXPLANATORY STATEMENT

The measure, if approved, would authorize the City of Bend to impose a sales tax at the rate of 3% on recreational marijuana sold by state-licensed marijuana retailers located in Bend. The sale of medical marijuana to registered medical marijuana cardholders shall not be taxed.

The proceeds from the measure are estimated to be \$345,600 for 2017. The revenue collected from the tax on recreational marijuana shall go to the general fund. Most general fund expenditures go to public safety, including police and fire services, but general fund revenue can be used for any City expenditure.

Oregon voters approved Measure 91 on November 2014, legalizing the sale and consumption of marijuana to adults 21 years of age and older. In 2015, the Oregon Legislature reduced the state sales tax on recreational marijuana from 25% to 17% effective January 1, 2017, and allowed local jurisdictions to ask for voter approval of a 3% local sales tax. ORS 475B.345 provides that a city council may adopt an ordinance imposing a 3% tax on recreational marijuana sold by retail licensees, but the council must refer that ordinance to the city's voters at a statewide general election.

A copy of the Ordinance adopting the tax is available at Bend City Hall and at www.bendoregon.gov.

If approved, the measure would take effect on January 1, 2017.