



**TOWN OF PALMER LAKE  
BOARD OF TRUSTEES - AGENDA MEMO**

<b>DATE:</b> February 9, 2023	<b>ITEM NO.</b>	<b>SUBJECT:</b> Consider Draft Ordinance to Affirm Wholesale MJ Excise Tax
<b>Presented by:</b> Town Administrator /Clerk		

The 2016 election resulted in voters approving an excise tax on retail marijuana cultivation operations. It was laid forth, as noted in town code, that the rate increases annually by one percent. The question on the ballot read and passed as follows:

*Shall Town of Palmer Lake taxes be increased, commencing January 1, 2017, by \$150,000 annually in the first fiscal year ending December 31, 2017, and by whatever additional amounts are raised annually thereafter, by imposing a new excise tax of 5% of the average market rate for unprocessed marijuana as determined by the Colorado Department of Revenue when unprocessed retail marijuana is first sold or transferred by a marijuana cultivation facility located within the limits of the Town of Palmer Lake; with the rate of such excise tax being allowed to be decreased or increased by the Town Board without further voter approval so long as the rate of such tax does not exceed 10%, and shall all revenues derived from such excise tax be collected and spent, as a voter approved revenue change, notwithstanding any revenue or expenditure limitations contained in Article X, Section 20 of the Colorado Constitution, Article 1 of Title 29, Colorado Revised Statutes, or any other law?*

The ordinance was subsequently adopted in 2017. The current code is found here - [https://library.municode.com/co/palmer lake/codes/code of ordinances?nodeId=COOR TIT3REFI CH3. 24REMAEXTA](https://library.municode.com/co/palmer%20lake/codes/code_of_ordinances?nodeId=COOR_TIT3REFI_CH3_24REMAEXTA)

According to MJ establishment owners, prior administration provided a notice to hold the rate at 2% on payments. However, there is no record found of this notice and the administrative staff does not have the authority to amend town code.

Additionally, it is typical standard within the MJ industry that a 5% excise tax is levied on retail MJ cultivation facilities.

Staff recommendation is to keep the table as laid forth in the original ordinance and affirm the tax of 5%. This should aid in discouraging increased cultivation at a lower rate within the town. Execution of this ordinance will be distributed to licensed establishments.