



AGENDA ITEM ANALYSIS

Project/Issue Name: 23-63 An Ordinance of the City Council Calling an Election on the Question of Whether to Impose an Additional Three Percent Sales Tax on Tangible Personal Property Retail Sales of Adult Use (Non-Medical) Marijuana Sold Within the City, Pursuant to Article XIV, Section 2.6(5) of the Missouri Constitution; Calling an Election to be Held on April 2, 2024 on the Proposed Sales Tax; and Authorizing and Directing the City Clerk to Give Notice to the County Clerk of Said Election.

Submitted By: Laura Burbridge, City Clerk
Megan McCullough, City Attorney

Date: December 12, 2023

Issue Statement

To call an election proposing a sales tax on adult use marijuana to the voters of Republic.

Discussion and/or Analysis

Proposition G: SHALL THE CITY OF REPUBLIC, MISSOURI, IMPOSE AN ADDITIONAL SALES TAX OF THREE PERCENT (3%) ON THE RETAIL SALE OF ADULT USE MARIJUANA?

Amendment 3 passed on November 8, 2022, legalizing adult use (recreational) marijuana. This amendment allowed for up to 3% sales tax for adult use (recreational) marijuana. This tax would not apply to medical marijuana as prescribed by a physician.

Amendment 3 language:

(5) Pursuant to Article III, section 49 of this Constitution, the governing body of any local government is authorized to impose, by ordinance or order, an additional sales tax in an amount not to exceed three percent on all tangible personal property retail sales of adult use marijuana sold in such political subdivision. The tax authorized by this paragraph shall be in addition to any and all other tangible personal property retail sales taxes allowed by law, except that no ordinance or order imposing a tangible personal property retail sales tax under the provisions of this paragraph shall be effective unless the governing body of the political subdivision submits to the voters of the political subdivision, at a municipal, county or state general, primary or special election, a proposal to authorize the governing body of the political subdivision to impose a tax. Any additional local retail sales tax shall be collected pursuant to general laws for the collection of local sales taxes.

Since that passage, 187 municipalities have passed this sales tax, which only impacts those people purchasing adult use marijuana. The nearest city with a dispensary is Springfield, who has passed this tax. Joplin has also passed a sales tax. Nixa has not passed a sales tax to date. With the limited number of dispensaries, we are collecting this tax from citizens residing in the county and numerous neighboring



cities who do not have a dispensary. This sales tax would not impact all citizens, just those purchasing adult-use marijuana.

The sales tax would go to the general fund to be utilized for projects as needed. One year of this sales tax could generate enough funding to pave a mile of streets or purchase 3 police vehicles. Another potential use of the funds that would greatly benefit citizens is to contribute to the funding of the wastewater treatment plant updates, which are required by the State of Missouri. While it could not meet the funding needs for this project, all funds help reduce the impact of the expansion to the citizens of Republic and could help reduce sewer rate increases that would be needed to help fund this project.

Currently, the State of Missouri collects additional taxes for medical marijuana at 4% and adult use marijuana at 6%. The State of Missouri is of the lowest taxed states for adult use marijuana in the country with most collecting 10-15% and one as high as 37%. If passed, our 3% would still keep us below the state marijuana tax in other states.

MEDICAL USE	
Total Current Sales Tax Rate	
State of Missouri (General)	4.225%
Greene County	1.750%
City of Republic	3.125%
State of Missouri (Article XIV)	4.000%
TOTAL CURRENT SALES TAX RATE	13.100%

ADULT RECREATIONAL USE	
Total Current Sales Tax Rate	
State of Missouri (General)	4.225%
Greene County	1.750%
City of Republic	3.125%
State of Missouri (Article XIV)	6.00%
TOTAL CURRENT SALES TAX RATE	15.100%

*The proposed additional 3% City of Republic sales tax would apply to Adult Recreational Use only.
The new total sales tax rates, if passed, would be as follows:*

MEDICAL USE TOTAL SALES TAX RATE	
No Change	13.100%

ADULT RECREATIONAL USE SALES TAX RATE	
If Passed, Adds 3%	18.100%

Recommended Action

Staff recommends approval.