Memorandum of Understanding

Local-Option Marijuana Excise Tax

AGREEMENT between the City of Sidney, Montana and the Town of Fairview, Montana, this _____ day of June, 2023.

RECITALS

1. HB 701 (2021) authorized imposition of a local-option marijuana excise tax.

2. The question of a local-option marijuana excise tax was presented to the qualified electors of Richland County.

3. The electors voted to impose a local-option marijuana excise tax.

4. As an excise tax, the revenue is raised at the point of sale in licensed marijuana dispensaries.

5. By statute, a fraction of the revenues, which are paid to the Montana Department of Revenue, is retained by the State, a fraction is to be distributed to the County, and a fraction is to be distributed to qualified municipalities within a county.

6. All of the fractions for the County and incorporated municipalities is paid by the Department of Revenue to the County Treasurer.

7. There are two incorporated municipalities in Richland County: the City of Sidney and the Town of Fairview.

8. Thus, the Treasurer and the County of Richland are placed by the Department of Revenue in the middle between potentially competing claims of the City of Sidney and the Town of Fairview.

9. The purpose of this agreement is to relieve the Treasurer and the County of the hazards of that potential conflict in case of misdistribution of the incorporated municipality fraction.

10. There are licensed dispensaries in the Town of Fairview. Local-option excise tax revenue is raised at the point of sale in those dispensaries.

11. Under current zoning regulations of the City of Sidney, there are at present no licensed dispensaries in the City of Sidney. No local-option excise tax revenue is raised at any point of sale in dispensaries in the City of Sidney.

12. The City of Sidney acknowledges, therefore, that at present it is not entitled to any of the local-option marijuana excise tax revenues.

13. The Town of Fairview acknowledges, however, that if zoning regulation changes or other changes occur and result in the siting of licensed marijuana dispensaries within the boundaries of the City of Sidney where, at those points of sale, excise tax revenue is raised, the matter of an entitlement of the City of Sidney to a share of the revenues would have to be revisited.

NOW, THEREFORE, the parties agree:

1. The City of Sidney acknowledges that at present it is not entitled to any of the local-

option marijuana excise tax revenues, and the Treasurer of Richland County may distribute the entire fraction designated for incorporated municipalities to the Town of Fairview.

2. The Town of Fairview acknowledges, however, that if zoning regulation changes or other changes occur and result in the siting of licensed marijuana dispensaries within the boundaries of the City of Sidney where, at those points of sale, excise tax revenue is raised, the matter of an entitlement of the City of Sidney to a share of the revenues would have to be revisited.

3. The City of Sidney undertakes an obligation to give notice to the Treasurer of Richland County and to the Town of Fairview if and when zoning regulation changes or other changes occur and result in the siting of licensed marijuana dispensaries within the boundaries of the City of Sidney where, at those points of sale, excise tax revenue is raised. Until any such notice is given, the Treasury may continue to distribute all of the fraction designated to incorporated municipalities to the Town of Fairview. After the giving of such a notice, the Treasurer may suspend distribution of the incorporated municipalities fraction until either a new written agreement is made between the City of Sidney and the Town of Fairview or an order, judgment, or decree of a court of competent jurisdiction determines the distribution to be made.

IN WITNESS WHEREOF the parties have executed this agreement on its date set forth at the head of this agreement.

City of Sidney   Town of Fairview

By: _____   By: _____
     Rick Norby, Mayor   Brian Bieber, Mayor