



REQUEST FOR COUNCIL ACTION

Title: Marijuana Revenue Certification

Preferred Agenda: July 12, 2022

Submitted By: Brandon Neish, Finance Director

Reviewed By: Christy S. Wurster, City Manager Pro Tem

Type of Action: Resolution X Motion _____ Roll Call _____ Other _____

Relevant Code/Policy: ORS 475C

Towards Council Goal: Goal 2: Be an effective and efficient government
Goal 3.2: Improve community safety, Police, community design, etc.

Attachments: Resolution No. 27 for 2022

Purpose of this RCA:

To amend the Oregon Revised Statutes (ORS) originally included in Resolution No. 23 for 2022 and recertify the City complies sections of Oregon Revised Statutes (ORS) 475C related to marijuana production, processing, wholesale and retail sales.

Background/Context:

Resolution No. 27 for 2022 revises the ORS' listed related to marijuana that were renumbered during the second special session of 2021 and replaces Resolution No. 23 for 2022.

In 2014, Oregon voters decided to allow non-medical use of marijuana in the state of Oregon. Prior to this, only medical marijuana was allowed. After the passage of Measure 91, the state legislature passed, and the Governor signed, an emergency bill that allowed retail sales from dispensaries and required the OLCC to establish rules and taxing structures to support those sales. The result was a licensing structure managed by the OLCC and a 17% tax rate at the state level.

In 2016, the City of Sweet Home asked voters to establish a local tax on the sale of non-medical marijuana from dispensaries inside city limits. Ordinance 1251 established a 3% tax which is deposited into the General Fund.

A portion of the state proceeds are paid to cities which do not prohibit the sale of marijuana. The distribution of funds comes from the Oregon Department of Administrative Services (DAS) which also manages the State Revenue Sharing program. An additional certification is necessary through Council Resolution to certify that the City allows marijuana in Sweet Home to receive a portion of the state's marijuana funds.

Certification of eligibility to receive State Revenue Sharing funds must be filed with the Department of Administrative Services (DAS) Operations Division by July 31.

The Challenge/Problem:

Will the City Council adopt Resolution No. 27 for 2022 certifying the city complies with ORS 475C.065, 475C.085, 475C.093 and 475C.097?

Stakeholders:

- State of Oregon – State law requires cities who wish to receive State Revenue Sharing funds (includes marijuana revenues) must certify they comply with various sections under ORS 475C to DAS by July 31.
- City of Sweet Home residents – Adopting this resolution ensures residents receive the taxes they pay when purchasing marijuana back as revenue for Sweet Home services.
- City of Sweet Home City Council – Adopting this resolution allows for diversification of revenue for the City and ensures state marijuana funds for the City of Sweet Home.
- City of Sweet Home City staff – Adoption of this resolution allows staff to continue operations in their departments.

Issues and Financial Impacts:

No financial impacts result from this amended resolution. DAS has accepted the original resolution and these changes are housekeeping to ensure the right information is available if needed.

Elements of a Stable Solution:

DAS has established a process for cities to request Marijuana State Revenue funds. Adoption of the included resolution complies with this process and needs to be adopted by the City Council to ensure funding for the 2022-2023 fiscal year.

Options:

1. Do Nothing. Council could choose to move forward without adopting the resolution. The original resolution would stand.
2. Adopt Resolution No. 27 for 2022.

Recommendation:

Staff recommends option 2, adopt Resolution No. 27 for 2022. The City is not aware of any issues with the original resolution from the state's perspective but sees this as a housekeeping item. DAS, when contacted, was not aware of the renumbering and said the original resolution would be accepted for the purposes of certifying marijuana sales for state revenue sharing. Any changes they would look to incorporate into their system for the next fiscal year (2024).