



City of Tualatin

CITY OF TUALATIN Staff Report

TO: Honorable Mayor and Members of the City Council
THROUGH: Sherilyn Lombos, City Manager
FROM: Don Hudson, Assistant City Manager/Finance Director
DATE: December 14, 2020

SUBJECT:

Consideration of Ordinance No. 1452-20, An Ordinance Relating to the Tax on Marijuana Sales; Amending Tualatin Municipal Code Chapter 13-1 and Creating New Provisions

RECOMMENDATION:

Staff recommends adoption of Ordinance No. 1452-20

EXECUTIVE SUMMARY:

In 2016, Tualatin voters approved a 3% local tax on the sale of marijuana items by marijuana retailers and the City Council adopted Ordinance No. 1396-16 creating Tualatin Municipal Code Chapter 13-01. TMC 13-01 imposed the tax and defined the collection of the tax. Since that time, the Oregon Department Revenue, who is responsible for collection of the statewide marijuana tax, began allowing local governments to enter into an intergovernmental agreement to collect local taxes for the local entities.

The Department of Revenue (DOR) requires local ordinances to include penalty and interest matching those found in state statute, to be consistent with the collection efforts of DOR. The attached ordinance adds the necessary sections to TMC 13-01, in order for the City to enter into an IGA with the State of Oregon DOR for collection of the City's taxes on marijuana items by marijuana retailers, should a retailer site in Tualatin.

The attached ordinance also authorizes the City Manager to enter into an IGA with the State of Oregon for the administration, collection, distribution, and enforcement of the City's tax.

OUTCOMES OF DECISION:

The proposed changes would allow the City to enter into an IGA with the Oregon DOR for collection of local marijuana taxes.

ALTERNATIVES TO RECOMMENDATION:

If the City Council does not pass the attached ordinance, the City would not be able to enter into the IGA and would have to collect any local taxes itself. The Finance Department would incur additional costs in order to collect these taxes.

FINANCIAL IMPLICATIONS:

The City would pay the DOR an annual Administrative Services Fee and an annual Business Fee for the collection of our local tax. The fees are based on the number of retail outlets in Tualatin and the Department's Business Division's expenses for the administration of all marijuana taxes, which would be subtracted from the local taxes collected.

ATTACHMENTS:

- Ordinance No. 1452-20