

CITY OF COOS BAY CITY COUNCIL
Agenda Staff Report

MEETING DATE October 21, 2014	AGENDA ITEM NUMBER
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TO: Mayor Shoji and City Councilors

FROM: Rodger Craddock, City Manager

ISSUE: Ordinance Initiating the Taxing of Marijuana Sales

BACKGROUND:

An initiative petition has been submitted to the Secretary of State for a ballot measure that if passed would legalize the sale of recreational marijuana in Oregon. Ballot Measure 92 is similar to a measure approved by Washington voters in 2012, and it contains the following language:

Section 42. State has exclusive right to tax marijuana. No county or city of this state shall impose any fee or tax, including occupation taxes, privilege taxes and inspection fees, in connection with the purchase, sale, production processing, transportation, and delivery of marijuana items.

Subsequently, many cities and counties have or are considering implementation of a tax on marijuana prior to the November election to offset the expenses related to the anticipated additional demand on services.

Based on the direction Council provided on October 7, 2014, staff drafted to proposed ordinance which would establish a tax on marijuana and marijuana-infused products sales within the City and a resolution establishing a tax rate within the parameters of the ordinance.

ADVANTAGES:

Enacting an ordinance prior to the November election will provide the City with options unavailable after the election should the ballot measure pass.

DISADVANTAGES:

None.

BUDGET:

At this time, we don't anticipate an immediate impact on the budget even if BM 92 passes, as the City's current business license requirements preclude the issuance of business licenses to businesses that are not in compliance of local, state, and federal law. Currently, under the Controlled Substances Act (CSA) (21 U.S.C. § 811) marijuana is classified as a Schedule I drug, and thus it is against federal law to possess, cultivate, and/or distribute marijuana in any

form or for any use.

RECOMMENDATION:

1. Hold a public hearing to elicit public input; and if it pleases the Council, enact the ordinance establishing a tax on marijuana and marijuana-infused products sales within the City.
2. If the Council enacts the ordinance establishing a tax on marijuana and marijuana infused products sales within the City, staff recommends adopting Resolution 14-19 setting the tax rate at 7.5% for both medical and recreational marijuana sales.