

Adopt Resolution No. 2016-15, which refers *Engrossed* Ordinance No. 5-16, establishing a 3% tax on the sale of marijuana items, to Salem voters for the November 2016 general election, adopts the measure and explanatory statement, and directs the City Attorney to draft the ballot title.

SUMMARY AND BACKGROUND:

On June 27, 2016 the City Council conducted second reading of *Engrossed* Ordinance Bill No. 5-16. The ordinance imposes a three percent tax on the sale of recreational marijuana items, subject to approval by Salem voters at the November 2016 general election. At Council's direction the ordinance was engrossed to provide that all tax revenue, after administrative costs have been paid, will be allocated to the Police Department. Pursuant to SRC 11.045, to refer municipal legislation to the voters, the City Council must adopt a resolution approving the measure and explanatory statement for the referral, and direct the City Attorney to draft the ballot title.

FACTS AND FINDINGS:

Measure.

The measure statement is set forth Exhibit A to the resolution (Attachment 1), and is reproduced below:

“A MEASURE OF THE CITY OF SALEM PROPOSING A THREE PERCENT TAX ON THE SALE OF MARIJANA ITEMS BY A MARIJUANA RETAILER WITHIN THE CITY OF SALEM

Measure Election Called. A measure election is hereby called for the purpose of submitting the following question to the electors of the City:

Shall there be established a three percent tax on the sale of marijuana items by a marijuana retailer in the area subject to the jurisdiction of the city.”

Explanatory Statement.

The explanatory statement is required to be an impartial, simple and understandable statement explaining the measure in 500 words or less. The explanatory statement is set forth in Exhibit B to the resolution, and is reproduced below:

“If approved, this measure would result in the establishment of a three percent tax on the sale of marijuana items by a marijuana retailer within the city of Salem.

Approval of this measure would establish a three percent tax on the sale of recreational marijuana items by a marijuana retailer within the city of Salem. The tax would apply only to the retail sale of recreational marijuana items, and would not apply to wholesale of marijuana items, or to the sale or transfer of medical marijuana. If approved, the revenues from this tax are estimated to be \$100,000 for 2017. All funds derived from the collection of the tax on the sale of marijuana items shall be credited to the general fund. Revenue from the tax will first be expended to pay the costs to administer and enforce the tax. All remaining proceeds from the tax after all administrative and enforcement costs have been paid will be allocated to the City of Salem Police Department.

Oregon law provides that the Oregon Liquor Control Commission has the duty and power to license the retail sale of recreational marijuana within the state. Oregon law further provides that a city council may adopt an ordinance imposing up to a three percent tax on the sale of marijuana items (which include marijuana concentrates, extracts, edibles, and other products intended for human consumption and use) by retail licensees in the city, but the council must refer that ordinance to the city voters at a statewide general election. The City of Salem city council has adopted an ordinance imposing a three percent tax on the sale of marijuana items by a retail licensee in the city, and, as a result, has referred this measure to the voters.

Additional information regarding the proposed tax is available for public review at the Salem City Hall, City Recorder's Office, 555 Liberty Street SE, Room 205, Salem, Oregon, and on the City's web site www.cityofsalem.net/Departments/CityRecorder/Pages/default.aspx

Word Limit: 500
Word Count: 335

Ballot Title.

The ballot title is a concise and impartial statement that will be printed on the ballot summarizing the referral and its major effect, and is prepared by the City Attorney. Any Salem voter may challenge the ballot title in the Municipal Court. The ballot title consists of; (1) a caption that does not exceed 10 words describing the subject of the referral; (2) a question that does not exceed 20 words plainly phrasing the main purpose of the referral so that an affirmative response to the question corresponds to a yes vote on the referral, and; (3) a summary that does not exceed 175 words describing the major effect of the referral.

Upon Council's adoption of the resolution, the City Attorney will draft the ballot title and deposit it with the City Recorder. The City Recorder will publish notice of the ballot title in the Statesman Journal. Within five days of the City Attorney depositing the ballot title with the City Recorder any Salem voter may file a challenge of the ballot title with the Municipal Court.

Dan Atchison, City Attorney

Attachments:

1. Resolution No. 2016-15

06/15/2016