



# CITY OF SALEM

585 Liberty St SE  
Salem, OR 97301

## Staff Report

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File #: 16-037

Version: 4

Date: 6/27/2016

Item #: 7.2b.

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**TO:** Mayor and City Council  
**THROUGH:** Steve Powers, City Manager  
**FROM:** Dan Atchison, City Attorney

**SUBJECT:**

Engrossed Ordinance Bill No. 5-16, referring a tax on the sale of marijuana items to Salem voters for the November 2016 General Election

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

**ISSUE:**

Shall City Council proceed to second reading for enactment of Engrossed Ordinance Bill No. 5-16, referring a tax on the sale of marijuana items to Salem voters for the November 2016 General Election?

**RECOMMENDATION:**

Proceed to second reading for enactment of Engrossed Ordinance Bill No. 5-16, referring a tax on the sale of marijuana items to Salem voters for the November 2016 General Election.

**SUMMARY AND BACKGROUND:**

On April 11, 2016 Council conducted second reading of Ordinance Bill No. 5-16. On May 9, 2016 Council considered a resolution to referring the Ordinance Bill to Salem voters at the November 2016 General Election. Council moved to defer consideration of the Resolution, and directed staff to provide an amendment to the Ordinance Bill to require that proceeds from the tax be allocated to the Police Department. On May 23, 2016 Council engrossed the ordinance bill by adding SRC 32.070 "Disposition of Marijuana Tax Revenue," and conducted first reading of the engrossed ordinance.

**FACTS AND FINDINGS:**

Tax revenue generated by proposed tax on the sale of marijuana items is dedicated to the City's general fund, and unless Council specifies a particular allocation, the revenue may be spent by the City for any lawful purpose. Council's action directed that the revenue should be allocated to the Police Department, but did not specify that the funds should be restricted to any particular Police

Department function.

The proposed SRC 32.070 provides:

**"32.070. Disposition of Marijuana Tax Revenue.** All funds derived from the collection of the tax on the sale of marijuana items shall be credited to the general fund. Marijuana tax revenue shall first be expended in paying for the costs to administer and enforce this Chapter. All remaining proceeds from the marijuana tax after all administrative and enforcement costs have been paid shall be allocated to the Police Department."

Although second reading of the original Ordinance has been completed, the Ordinance does not become effective until it is approved by Salem voters. Therefore, the Ordinance may be engrossed, and first and second readings completed again.

A revised resolution, consistent with the engrossed ordinance, will be provided for Council's consideration at the July 11, 2016 Council meeting.

Dan Atchison  
City Attorney

Attachments:

1. Engrossed Ordinance Bill No. 5-16

05/31/2016