

RESOLUTION NO. 2016-72

RESOLUTION AUTHORIZING APPROVAL OF THE MARIJUANA TAX COLLECTION AGREEMENT BETWEEN THE STATE OF OREGON DEPARTMENT OF REVENUE (DOR) AND CITY OF FOREST GROVE AND AUTHORIZING CITY MANAGER TO EXECUTE THE AGREEMENT ON BEHALF OF THE CITY

WHEREAS, the City passed Ordinance No. 2016-15 authorizing a three percent sales tax on the retail sales of marijuana subject to voter approval; and

WHEREAS, voters approved the sales tax at the November 8, 2016, election; and

WHEREAS, the ordinance directs the City to take actions necessary to collect the tax; and

WHEREAS, the City desires to enter into an agreement with the DOR to collect the tax on behalf of the City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF FOREST GROVE AS FOLLOWS:

Section 1. The City Council hereby approves the Marijuana Tax Collection Agreement between DOR and City attached as Exhibit A.

Section 2. The City Council hereby authorizes the City Manager to execute the agreement on behalf of the City.

Section 3. This resolution is effective immediately upon its enactment by the City Council.

PRESENTED AND PASSED this 12th day of December, 2016.



Anna D. Ruggles, City Recorder

APPROVED by the Mayor this 12th day of December, 2016.



Peter B. Truax, Mayor

MARIJUANA TAX COLLECTION AGREEMENT

This Marijuana Tax Collection Agreement (“Agreement”) is entered into between the State of Oregon, acting by and through its Department of Revenue (the “Department”) and the City of Forest Grove (“City”), under the authority of ORS 305.620.

In consideration of the conditions and promises hereinafter contained, it is mutually agreed by the parties that the Department shall supervise and administer, according to the terms and conditions set forth in this Agreement, the Local Tax on sales of marijuana items by Marijuana Retailers authorized under ORS 475B.345 and approved by the voters of City.

(1) Definitions. As used in this Agreement the following terms have the meanings ascribed to them:

(a) “Confidential Information” means the information on Local Tax returns administered pursuant to ORS 305.620, any information in the reports required under Sections 8 and 9 of this Agreement from which information about a particular Local Taxpayer is discernable from the report due to a small number of Local Taxpayers in City or similar factors, and any other information exchanged between the Department and City related to this Agreement, that is confidential under ORS 314.835.

(b) “Fees” means collectively the Administrative Services Fee, the Business Fee and the Core Systems Replacement Fee described in Section 5 of this Agreement.

(c) “Local Government” means a city or county that has entered into a form of this agreement with the Department under the authority of ORS 305.620 for the Department to collect Local Taxes authorized under ORS 475B.345.

(d) “Local Tax” or “Local Taxes” means the Marijuana Tax imposed by City, together with any additional interest or penalties provided for by statute or the Department’s rules; it does not include any additional penalties or fees that City may assess against its Local Taxpayers.

(e) “Local Taxpayer” means a licensed Marijuana Retailer located in the taxing jurisdiction of City.

(f) “Marijuana Retailer” has the meaning given in ORS 475B.015.

(g) “Marijuana Tax” means the tax imposed on sales of marijuana items by Marijuana Retailers pursuant to ORS 475B.345.

(h) “Marijuana Taxpayer” means a licensed Marijuana Retailer that is subject to the Marijuana Tax imposed by a Local Government.

(i) “Ordinance” means the ordinance adopted by the governing body of City and approved by the voters of City on 11/8/2016, a copy of which is attached hereto as Exhibit B and by this reference incorporated herein.

(2) General Administration. The Department shall be responsible for all aspects of Local Tax administration, including, but not limited to, adopting administrative rules; auditing

returns; assessing deficiencies and collecting the Local Tax and penalties and interest under applicable statutes, including but not limited to ORS 305.265, ORS 305.220, and ORS 314.400; making refunds; holding conferences with Local Taxpayers; handling appeals to the Oregon Tax Court; issuing warrants for the collection of unpaid taxes; determining the minimum amount of Local Tax economically collectible; and taking any other action necessary to administer and collect the Local Taxes. The Department has adopted rules addressing the requirements for paying taxes with currency and other matters related to the taxation of marijuana under ORS chapter 475B. City understands and agrees that such rules will be applied to Local Taxpayers.

(3) **Level of Service**. In performing its duties, the Department may in its sole discretion determine what action shall be taken to enforce provisions of the law and to collect the Local Tax. In exercising its discretion, the Department shall provide a level of services that are comparable to the level of services it provides in the administration of the State of Oregon marijuana tax laws and the collection of such taxes owed to the State of Oregon. If the Department deems it necessary to vary substantially from this standard, the Department shall first notify City of the need and obtain City's consent. The Department shall provide all forms necessary for implementation of the Local Tax, including forms for Marijuana Tax returns, exemptions and refunds.

(4) **Transfer of Taxes to City**. Beginning at the end of the first full quarter after execution of this Agreement, the Department shall remit to City the amount of Local Taxes collected in the preceding quarter less amounts withheld to pay the Department's Fees and other costs as described in this Agreement within 60 days of the return due date for the quarter. The Department shall notify City if, because of inability to move funds electronically or otherwise through the banking system, a force majeure event described in Section 26 of this Agreement or other exigent circumstance, the Department is unable to transfer the Local Tax collected to City as provided in this Section. In that event, the Department shall provide an estimate, if possible, of when it expects to be able to transfer the Local Taxes collected to City. The Department may enter into an agreement with another state government agency to fulfill the requirements of this Section 4, provided that said government agency can comply with the requirements of this section.

(5) **Costs**. In order to recover its costs to collect and transfer the Local Tax as provided in this Agreement the Department shall be paid the following three fees:

(a) "Administrative Services Fee": Pays for the establishment and maintenance of financial systems needed to administer and distribute Local Taxes. The fee shall be calculated annually as a percentage of the equivalent of 60 hours of work conducted for the Department of Revenue by the Department of Administrative Services, divided among the Local Governments in proportion to the number of Marijuana Taxpayers in each Local Government.

(b) "Business Fee": Pays for the Local Tax administration activities set forth in this Agreement. The fee shall be calculated as a percentage of the Department's Business Division annual expenses for the administration of all marijuana taxes, with the total fee increasing in direct proportion to the number of Local Taxpayers. The total amount per Local Taxpayer billed

to City under the Business Fee shall not exceed 0.05 percent of the Department's Business Division expenses for the administration of all marijuana taxes;

(c) "Core Systems Replacement fee": Charged only one time after execution of this Agreement and calculated as a flat fee per Local Taxpayer. The total Core Systems Replacement Fee shall not exceed two hundred dollars (\$200.00) per Local Taxpayer in the first full quarter following execution of this Agreement.

FOR EXAMPLE, in a hypothetical with the following assumptions:

250 Marijuana Taxpayers

50 Local Taxpayers in the City of Mainville

2 Local Taxpayers in the City of Middletown

Business Division's Marijuana Expenses: \$500,000 per year

Hourly DAS rate: \$99/hour

The fees would be calculated as follows:

Administrative Services Fee = $(\$99/\text{hour} * 60 \text{ hours}) / 250 \text{ Marijuana Taxpayer} = \$23.76 \text{ per Local Taxpayer per year}$

Business Fee = $\$500,000 \text{ in marijuana expenses per year} * 0.05\% = \$250 \text{ per Local Taxpayer per year}$

Core Systems Replacement Fee = \$200 per Local Taxpayer, one time

City of Mainville, year 1: $(\$23.76 \text{ Administrative Services Fee} + \$250 \text{ Business Fee} + \$200 \text{ Core Systems Replacement Fee}) * 50 \text{ Local Taxpayers} = \$23,688 \text{ in costs}$

City of Mainville, subsequent years: $(\$23.76 \text{ Administrative Services Fee} + \$250 \text{ Business Fee}) * 50 \text{ Local Taxpayers} = \$13,688 \text{ in costs}$

City of Middletown, year 1: $(\$23.76 \text{ Administrative Services Fee} + \$250 \text{ Business Fee} + \$200 \text{ Core Systems Replacement Fee}) * 2 \text{ Local Taxpayers} = \947.52 in costs

City of Middletown, subsequent years: $(\$23.76 \text{ Administrative Services Fee} + \$250 \text{ Business Fee}) * 2 \text{ Local Taxpayers} = \547.52 in costs

(e) In addition to the Fees described above, the Department may withhold or invoice City for the Department's costs to administer extraordinary services not described in this Agreement related to the Local Tax; such extraordinary costs may include, without limitation, requests for audits from City that exceed the scope of the Department's normal audit procedures, requests for research or advice from the Department or the Oregon Department of Justice attorneys, or specially appointed counsel, regarding the Local Tax.

(f) If the Department determines that its costs cannot be covered by the maximum fees outlined in this Section 5, the Department will notify City of the amount by which the Department has determined the Fees must increase. If the Department and City do not agree upon a Fee increase and related amendment to this Agreement, then this Agreement may be terminated by either party in accordance with Section 16 of this Agreement.

(g) The Department shall not collect more in fees than its costs to administer the Local Tax, per ORS 305.620(5). It is using the above formula in the interests of producing its best estimate of costs.

(6) Withholding for Fees and Rebate. The Department shall withhold from the Local Taxes collected and each transfer to City an amount equal to four percent (4%) of the Local Taxes collected. In the first quarter of each calendar year the Department will reconcile the amounts withheld in the previous year with the total fees assessed, and provide such reconciliation in the Department's annual report described in Section 9 of this Agreement. If the amount withheld in a calendar year exceeds the amount of the Department's Fees, the Department will rebate the balance of the Local Taxes withheld to City by the end of the first quarter following the year of withholding. If the amount withheld does not cover the Department's Fees for the preceding year, the amount of the shortfall will be withheld from subsequent transfers of Local Taxes collected until the Department's Fees are fully paid, or in its discretion the Department may invoice City for the unpaid amount of the Department's Fees.

(7) Recovery of Overpayments. If the amount of Local Taxes paid to City under this Agreement, exceed the amount to which City is entitled, the Department may, after notifying City in writing, withhold from later payments due City under this Agreement, such amounts, over such periods of time, as are necessary to recover the amount of the overpayment.

(8) Department Quarterly Reports. Beginning with the first full calendar quarter after the execution of this Agreement and continuing each calendar quarter thereafter, within sixty (60) days after the due date for quarterly Local Tax returns, the Department shall provide City with a report indicating the amount of Local Taxes collected, any extraordinary costs assessed, the amount withheld under Section 6 of this Agreement and the cumulative amount of delinquent Local Taxes for each Marijuana Retailer in City's jurisdiction. The information in this report must be treated as potentially revealing Confidential Information, and shall be protected as described in Section 15. City should make all efforts to prevent Confidential Information from being released. The Department and City shall disclose any non-confidential information in a report when required to do so by law, including the Oregon Public Records Law, ORS 192.410 to 192.505.

(9) Department Annual Reports. In the first calendar quarter of each year, the Department shall make a written annual report of the preceding calendar year to City showing the total amount of Local Taxes collected, refunds paid, the expenses of administering and collecting the Local Tax, and other pertinent information. The report shall show the total amount withheld by the Department under Section 6 of this Agreement, and shall show the Department's expenses by its Fee categories. In such report, the Department shall also make recommendations

concerning changes in Local Tax Ordinances, procedures, policies, Local Tax administration and related matters, as the Department deems necessary and appropriate. The information in this report must be treated as potentially Confidential Information, and shall be protected as described in Section 15. City should make all efforts to prevent Confidential Information from being released. The Department and City shall disclose any non-confidential information in the report when required to do so by law, including the Oregon Public Records Law, ORS 192.410 to 192.505.

(10) City Reports. Within sixty (60) days of the effective date of this Agreement, City shall provide the Department with a list of Local Taxpayers in its jurisdiction and a list of zip code areas that are within its jurisdiction for purposes of imposing the Local Tax. City shall provide an updated list of Local Taxpayers to the Department each calendar quarter thereafter. City shall review all reports and reconciliations provided by the Department and promptly notify the Department of any perceived errors or omission in such reports.

(11) Records Maintenance and Access. Each party shall maintain its records relevant to this Agreement, the Local Taxes and Local Taxpayers for the period of time specified and in the manner required under the document retention and archiving requirements applicable to it that are established under ORS 192.005 to 192.170. Upon written request, each party may examine the records of the other party at a time and location that is convenient and without extra cost to the holder to the records; provided, however, any requests for records made in connection with litigation or other efforts to collect the Local Tax shall be immediately provided in the time and manner requested.

(12) Ordinance and Notification of Changes. Contemporaneous with the execution of this Agreement, City shall provide a copy of the Ordinance to Department for incorporation into this Agreement as Exhibit B. In order to insure consistency in administration of the Local Tax, each party shall notify the other of any change in the Ordinance and any state or local regulations or rulings interpreting the Local Tax or the Ordinance, any changes in rates or changes in the City's boundary at least ninety (90) days prior to the effective change, unless it is not legally possible to provide ninety (90) days' notice or both parties mutually agree to effect such changes in less than ninety (90) days. Each party shall notify the other of any change in administration of the Local Tax under this Agreement. The parties shall cooperate in amending the Ordinance or in seeking amendments to ORS 475B.345 or ORS 305.620 which they deem necessary.

(13) Information. The parties will cooperate in the exchange of information and making public announcements to facilitate effective administration of the Local Tax and maintain consistency in public announcements and information. Policy announcements, announcement of changes in the Ordinance, and all correspondence relating to public relations will be handled by City. The Department shall promptly notify City of any matter arising in the administration of the Marijuana Tax that would require any legislative change or affect City's policy, including any policy that relates to the amount of Local Tax collected. Nothing in this section shall prohibit the Department from conducting its own outreach activities to increase awareness and knowledge of local tax obligations.

(14) Limits and Conditions. To the extent limited by applicable provisions of Article XI of the Oregon Constitution or other governing law, and within the limits of the Oregon Tort Claims Act applicable respectively to the Department and City, each party shall indemnify the other for damage to life or property arising from their respective duties and obligations under this Agreement, provided neither party shall be required to indemnify the other for any such liability arising out of a party's own negligent or wrongful acts.

(15) Confidentiality.

(a) Confidential Information may be disclosed only to City as principal, by the Department as its agency, for purposes of carrying out the administration of the Local Tax imposed by City. Requests for Confidential Information shall be made by City by giving not less than ten (10) days' notice to the Department, stating the information desired, the purposes of the request, and the use to be made of such information. If the compilation of information is not feasible, the Department shall so advise City.

(b) ORS 314.840(3) requires that employees and representatives of City who receive Confidential Information must be advised in writing of the provisions of ORS 314.835 and 314.991(3), relating to the penalties for unlawful disclosure. Prior to being given access to Confidential Information, all City employees involved in the performance of this Agreement must review the DOR Secrecy Clause and sign the DOR Secrecy Laws Certificate (substantially in the form of Exhibit A, attached hereto and by this reference incorporated herein) certifying the employee understands the confidentiality laws and the penalties for violating them. Annually thereafter, (on or before a date specified by the Department), or upon request by the Department, such City employees must review and sign the latest versions of the Secrecy Clause and the Secrecy Laws Certificate. All signed Secrecy Laws Certificates must be immediately emailed to both the designated Department Authorized Representative (indicated below) and the Department's Disclosure Office (disclosure.office@oregon.gov). When the employee terminates employment with City, City will forward the certificate to the Department's Disclosure Officer indicating the employee is no longer employed by City. A listing of every person authorized to request and receive Confidential Information identified in this Agreement will be sent to the following designated representative:

John Galvin, Marijuana Tax Program Manager, marijuanatax.DOR@oregon.gov

(c) Upon request and pursuant to the instructions of DOR, City shall return or destroy all copies of Confidential Information provided by DOR to City, and City shall certify in writing the return or destruction of all such Confidential Information.

(d) The administrative rules implementing ORS 314.835 and ORS 314.840 as amended from time to time during the term of this Agreement, shall apply to this Agreement.

(16) Term. The term of this Agreement shall be from the date it is executed by all parties and until it is terminated by operation of law or by either party at its discretion upon at least ninety (90) days prior written notice. Prior to the termination date specified in written notice provided under this section or Section 17 below, City and the Department will continue to

perform their respective duties and obligations of under this Agreement. After the termination date, the Department will cease all collection and other activities under this Agreement, unless prior to the termination date the Department and City agree in writing that the Department may continue actions that are pending before the Oregon Tax Court or the Oregon Supreme Court, or are being collected after judgment or stipulation. In addition, after the termination date the Department will continue to remit to City any Local Taxes received by the Department, after deduction of the Department's actual costs, until all matters pending on the date of termination have been resolved or collected. The Department will administer the Local Tax for City for each calendar quarter commencing after this Agreement is executed; provided, however, if this Agreement is fully executed on or before the 15th day of the calendar quarter, the Department will administer the Local Tax for the quarter in which this Agreement is executed.

(17) Default and Remedies. A party shall be in default under this Agreement if it fails to perform any of its duties and obligations under this Agreement, and fails to cure such nonperformance within ninety (90) days after the other party provides written notice specifying the nature of the nonperformance. If the nonperforming party does not cure its nonperformance, or provide a satisfactory explanation to the other party of its performance under this Agreement, the other party may terminate this Agreement immediately or at a later date specified in written notice provided to the nonperforming party. In addition to termination of this Agreement, in the event of default by a nonperforming party, the other party may pursue any remedies available in law or equity, including an action for specific performance.

(18) Notices. All notices, documents, and information shall be sent as follows:

City of Forest Grove

Oregon Department of Revenue
Marijuana Tax Program
PO Box 14630
Salem, OR 97309

(19) Amendments. The provisions of this Agreement shall not be waived, altered, modified, supplemented, or amended, in any manner whatsoever, except by written instrument signed by both parties.

(20) Successors and Assigns. This Agreement shall be binding and inure to the benefit of the parties, their assigns, and successors.

(21) Severability. If any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

(22) Representations. Each party represents to the other that the making and performance of this Agreement: (a) have been duly authorized by its governing body or official, (b) does not and will not violate any provision of any applicable law, rule, regulation, or order of any court, regulatory commission, board or other administrative agency or any provision of any applicable local charter or other organizational document, and (c) do not and will not result in the

breach of, or constitute a default or require any consent under any other agreement or instrument to which the party is bound.

(23) Governing Law, Consent to Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon without regard to principles of conflicts of law. Any claim, action, suit or proceeding (collectively “Claim”) between the Department and City regarding the enforcement or interpretation of this Agreement shall be brought and conducted solely and exclusively within the Circuit Court of Marion County for the State of Oregon. The parties understand and agree that any action brought to determine the amount of Local Tax owed by a Local Taxpayer, whether brought solely by the Department or in conjunction with City shall be brought solely in the Oregon Tax Court.

(24) Nonappropriation. The obligation of each party to perform its duties under this Agreement is conditioned upon the party receiving funding, appropriations, limitation, allotment, or other expenditure authority sufficient to allow the party, in the exercise of its reasonable administrative discretion, to meet its obligations under this Agreement. Nothing in this Agreement may be construed as permitting any violation of Article XI, sections 7 or 10 of the Oregon Constitution or any other law limiting the activities, liabilities or monetary obligations of each party.

(25) Survival. All rights and obligations of the parties under this Agreement will cease upon termination of the Agreement, other than the rights and obligations arising under Sections 14, 16 and 17, and those rights and obligations that by their express terms survive termination of this Agreement; provided, however, that termination of this Agreement will not prejudice any rights or obligations accruing to a party prior to termination.

(26) Force Majeure. Neither party is responsible for any failure to perform or any delay in performance of an obligation under this Agreement caused by fire, civil unrest, labor unrest, natural causes, or war, which is beyond that party’s reasonable control. Each party shall, however, make all reasonable efforts to remove or eliminate such cause of failure to perform or delay in performance and shall, upon the cessation of the cause, diligently pursue performance of its obligation under this Agreement.

(27) Counterparts. This Agreement may be executed in counterparts, all of which when taken together shall constitute one agreement, notwithstanding that all parties are not signatories to the same counterpart. Each copy of this Agreement so executed constitutes an original.

(28) Merger. This Agreement and any exhibits constitute the entire agreement between the parties on the subject matter hereof. There are no understandings, agreements or presentations, oral or written, not specified herein regarding this Agreement.

Each party represents that this Agreement, when fully executed and delivered will constitute a legal, valid and binding obligation of the party in accordance with its terms, and that the person signing below is the authorized representative of the party with full power and authority to bind his/her principal to this Agreement.

Oregon Department of Revenue

Name/Title:

Signature:

Date signed:

City: Forest Grove

Name/Title: Jesse VanderZanden, City Manager

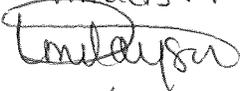
Signature:



Date signed: December 12, 2016

Oregon Department of Revenue

Name/Title: Toni Payseno
Contracts + Proc. Mgr

Signature: 

Date signed: 1/5/17

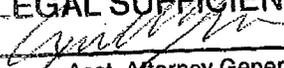
City: Forest Grove

Name/Title: Jesse VanderZanden, City Manager

Signature: 

Date signed: December 12, 2016

APPROVED AS TO
LEGAL SUFFICIENCY


Asst. Attorney General

Date: 1/4/17

EXHIBIT A

DOR

SECURITY CLAUSE

and

SECURITY LAWS CERTIFICATE

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SECRECY CLAUSE

Taxpayer information is confidential and protected by Oregon law. Only authorized persons may have access to taxpayer information, or to secure buildings where taxpayer information is handled. Oregon law requires that you sign a Secrecy Certificate before being allowed access to this confidential information or secure areas. By signing the certificate, you certify that you understand the confidentiality laws and the penalties for violating them.

This applies to everyone with access to taxpayer information, including:

- Department of Revenue employees
- Employees of other government agencies
- Vendors and contractors
- Business partners

Penalties for unauthorized disclosure of state tax information

- **Income tax***—Class C felony; up to \$125,000 fine; up to five years imprisonment; dismissal from state employment; no public office for five years. [ORS 314.991(2)]
- **Inheritance tax**—Class C felony; up to \$125,000 fine; up to five years imprisonment; dismissal from state employment; no public office for five years. [ORS 118.990(3)]
- **Industrial property tax**—Up to \$10,000 fine; up to one year imprisonment. [ORS 308.990(5)]
- **Timber tax**—Up to \$5,000 fine; dismissal from state employment. (ORS 321.686)
- **Employment Department**—May result in dismissal from state employment, or other discipline. [ORS 657.665(6)]

* *These provisions also apply to transient lodging tax (ORS 320.330), cigarette tax (ORS 323.403), tobacco products tax (ORS 323.595), emergency communications tax (ORS 403.230), oil and gas production tax (ORS 324.170), hazardous substances tax (ORS 453.410), and petroleum products tax (ORS 465.124).*

Penalties for unauthorized disclosure of federal tax information

- **IRC Sect. 7213**—Felony; up to \$5,000 fine; imprisonment of up to five years; cost of prosecution, damages**.
- **IRC Sect. 7213A**—Up to \$1,000 fine; imprisonment of up to one year; cost of prosecution, damages**.

** *Damages may include \$1,000 per act, actual damages, punitive damages, cost of legal action, attorney fees. See Section 7431.*

Instructions

Please read the following laws. They explain the types of information that are confidential. If you have questions during your employment or performance of duties, ask your supervisor or a Disclosure officer before accessing or disclosing information.

After reading this information, fill out the last page and return it to the Department of Revenue. Keep the other pages for your records.

Oregon Income Tax Laws

ORS 314.835

(1) Except as otherwise specifically provided in rules adopted under ORS 305.193 or in other law, it shall be unlawful for the Department of Revenue or any officer or employee of the department to divulge or make known in any manner the amount of income, expense, deduction, exclusion or credit or any particulars set forth or disclosed in any report or return required in the administration of ORS 310.630 to 310.706, required in the administration of any local tax pursuant to ORS 305.620, or required under a law imposing a tax upon or measured by net income. It shall be unlawful for any person or entity to whom information is disclosed or given by the department pursuant to ORS 314.840 (2) or any other provision of state law to divulge or use such information for any purpose other than that specified in the provisions of law authorizing the use or disclosure. No subpoena or judicial order shall be issued compelling the department or any of its officers or employees, or any person who has acquired information pursuant to ORS 314.840 (2) or any other provision of state law to divulge or make known the amount of income, expense, deduction, exclusion or credit or any particulars set forth or disclosed in any report or return except where the taxpayer's liability for income tax is to be adjudicated by the court from which such process issues.

(2) As used in this section:

(a) "Officer," "employee" or "person" includes an authorized representative of the officer, employee or person, or any former officer, employee or person, or an authorized representative of such former officer, employee or person.

(b) "Particulars" includes, but is not limited to, a taxpayer's name, address, telephone number, Social Security number, employer identification number or other taxpayer identification number and the amount of refund claimed by or granted to a taxpayer.

ORS 314.991

(2) Violation of ORS 314.835 is a Class C felony. If the offender is an officer or employee of the state the offender shall be dismissed from office and shall be incapable of holding any public office in this state for a period of five years thereafter.

Applicability to other tax programs

The above provisions of ORS 314, concerning the confidentiality of returns and penalties, also apply to:

150-800-033 (Rev. 2-11)

• Transient lodging tax	ORS 320.330
• Cigarette tax	ORS 323.403
• Tobacco products tax	ORS 323.595
• Emergency communications tax	ORS 403.230
• Oil and gas production tax	ORS 324.170
• Hazardous substances tax	ORS 453.410
• Petroleum products tax	ORS 465.124

Oregon Inheritance Tax Laws

ORS 118.525

(1) It shall be unlawful for the Department of Revenue or any of its officers or employees to divulge or make known in any manner any particulars disclosed in any return or supporting data required under this chapter. Except for executors or beneficiaries and their authorized representatives, it shall be unlawful for any person or entity who has acquired information pursuant to subsections (3) and (4) of this section to divulge or make known such information for any purpose other than that specified in the provisions of law authorizing the use or disclosure. No subpoena or judicial order shall be issued compelling the department, or its officers or employees, or persons described in subsections (3) and (4) of this section, to divulge or make known any particulars disclosed in any such return or supporting data except where the liability for inheritance taxes is to be adjudicated by the Oregon Tax Court. Nothing in this section shall prohibit the publication of statistics so classified as to prevent the identification of particulars in any return or supporting data covered by this section.

(2) As used in this section:

(a) "Officer," "employee" or "person" includes an authorized representative of the officer, employee or person, or former officer, employee or person, or an authorized representative of such former officer, employee or person.

(b) "Particulars" includes, but is not limited to, a taxpayer's name, address, telephone number, Social Security number and the amount of refund claimed by or granted to a taxpayer.

ORS 118.990

(3) Violation of ORS 118.525 is a Class C felony. If the offender is an officer or employee of the state the offender shall be dismissed from office and shall be incapable of holding any public office in this state for a period of five years thereafter.

Oregon Property Tax Laws

ORS 308.290

(11)(a) All returns filed under the provisions of this section and ORS 308.525 and 308.810 are confidential records of the Department of Revenue or the county assessor's office in which the returns are filed or of the office to which the returns are forwarded under paragraph (b) of this subsection.

ORS 308.413

(1) Any information furnished to the county assessor or to the Department of Revenue under ORS 308.411 which is obtained upon the condition that it be kept confidential shall be confidential records of the office in which the information is kept, except as follows:

(a) All information furnished to the county assessor shall be available to the department and all information furnished to the department shall be available to the county assessor.

(b) All information furnished to the county assessor or department shall be available to any reviewing authority in any subsequent appeal.

(c) The department may publish statistics based on the information furnished if the statistics are so classified as to prevent the identification of the particular industrial plant.

(2) The Department of Revenue shall make rules governing the confidentiality of information under this section.

(3) Each officer or employee of the Department of Revenue or the office of the county assessor to whom disclosure or access of the information made confidential under subsection (1) of this section is given, prior to beginning employment or the performance of duties involving such disclosure, shall be advised in writing of the provisions of this section and ORS 308.990 (5) relating to penalties for the violation of this section, and shall as a condition of employment or performance of duties execute a certificate for the department or the assessor in a form prescribed by the department, stating in substance that the person has read this section and ORS 308.990 (5), that these sections have been explained to the person and that the person is aware of the penalties for violation of this section.

ORS 308.990

(5) Subject to ORS 153.022, any willful violation of ORS 308.413 or of any rules adopted under ORS 308.413 is punishable, upon conviction, by a fine not exceeding \$10,000, or by imprisonment in the county jail for not more than one year, or by both.

Forestland Tax Laws

ORS 321.682

(1) Except as otherwise specifically provided by law, it shall be unlawful for the Department of Revenue or any officer or employee of the department to divulge or make known in any manner the amount of the tax or any particulars set forth or disclosed in any report or return required to be filed under ORS 321.045 or 321.741 or any appraisal data collected to make determinations of specially assessed value of forestland pursuant to ORS 321.201 to 321.222. It shall be unlawful for any person or entity to whom information is disclosed or given by the department pursuant to ORS 321.684 (2) or any other provision of state law to divulge or use such information for any purpose other than that specified in the provisions of law authorizing the use or disclosure. No subpoena

150-800-033 (Rev. 2-11)

or judicial order shall be issued compelling the department or any of its officers or employees, or any person who has acquired information pursuant to ORS 321.684 (2) or any other provision of state law, to divulge or make known the amount of tax or any particulars set forth or disclosed in any report or return except where the taxpayer's liability for timber tax is to be adjudicated by the court from which such process issues.

(2) As used in this section, "officer," "employee" or "person" includes an authorized representative of the officer, employee or person, or any former officer, employee or person, or an authorized representative of such former officer, employee or person.

ORS 321.686

Violation of ORS 321.682 is subject to a fine not exceeding \$5,000 or, if committed by an officer or employee of the state, dismissal or removal from office or employment, or both fine and dismissal or removal from office or employment.

Oregon Employment Department Laws

ORS 657.665

(4)The Employment Department may: ... (i) Disclose information to the Department of Revenue for the purpose of performing its duties under ORS 293.250 or under the revenue and tax laws of this state. The information disclosed may include the names and addresses of employers and employees and payroll data of employers and employees. The information disclosed is confidential and may not be disclosed by the Department of Revenue in any manner that would identify an employing unit or employee except to the extent necessary to carry out the department's duties under ORS 293.250 or in auditing or reviewing any report or return required or permitted to be filed under the revenue and tax laws administered by the department. The Department of Revenue may not disclose any information received to any private collection agency or for any other purpose. If the information disclosed under this paragraph is not prepared for the use of the Employment Department, the costs of disclosing the information shall be paid by the Department of Revenue.

(6) Any person or any officer or employee of an entity to whom information is disclosed by the Employment Department under this section who divulges or uses the information for any purpose other than that specified in the provision of law or agreement authorizing the use or disclosure may be disqualified from performing any service under contract or disqualified from holding any appointment or employment with the state agency that engaged or employed that person, officer or employee. The Employment Department may immediately cancel or modify any information sharing agreement with an entity when a person or an officer or employee of that entity discloses confidential information, other than as specified in law or agreement.

3



SECREC Y LAWS CERTIFICATE

Required by ORS 314.840(3), ORS 118.525(6),
ORS 308.413(3), ORS 321.684

I have read the laws prohibiting disclosure of confidential information for the tax programs below.
The laws have been explained to me.
I have been furnished with a copy of the laws.
I understand Oregon's disclosure laws and the penalties for violating them.

Income tax	ORS 314.835; ORS 314.991(2)
Inheritance tax	ORS 118.525(1); ORS 118.990(3)
Industrial property tax	ORS 308.290(11); ORS 308.413; ORS 308.990(5)
Forestland tax	ORS 321.682; ORS 321.686
Employment Department tax	ORS 657.665(4)(i) and (6)
Transient lodging tax	ORS 320.330
Cigarette tax	ORS 323.403
Tobacco products tax	ORS 323.595
Emergency communications tax	ORS 403.230
Oil and gas production tax	ORS 324.170
Hazardous substances tax	ORS 453.410
Petroleum products tax	ORS 465.124
Federal tax laws	IRC Sections 7213, 7213A, 7431

VENDORS, CONTRACTORS, BUSINESS PARTNERS	
PRINT your full name <i>PAUL ANTHONY DOWNEY</i>	Business telephone number <i>503-992-3220</i>
Print full name of business or organization for which you are acting in an official capacity <i>CITY OF FOREST GROVE</i>	
Address of business or organization <i>P.O. Box 326 FOREST GROVE, OR 97116</i>	SSN (Collection agency employees only)
What is the nature of your business? <i>MUNICIPAL GOVERNMENT</i>	Duration of contract or visit <i>ONGOING</i>
Revenue contact	Area where you'll be working <i>N/A</i>
Signature <i>Paul A Downey</i>	Date <i>12/13/16</i>

REVENUE EMPLOYEES	
PRINT your full name	Date
Signature <i>X</i>	

AGENCY USE	
<input type="checkbox"/> In Compliance	<input type="checkbox"/> Not in Compliance

EXHIBIT B

CITY OF FOREST GROVE

ORDINANCE NO. 2016-15

APPROVED BY FOREST GROVE VOTES NOVEMBER 8, 2016

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ORDINANCE NO. 2016-15

ORDINANCE OF THE CITY OF CITY OF FOREST GROVE IMPOSING A THREE PERCENT TAX ON THE SALE OF MARIJUANA ITEMS BY A MARIJUANA RETAILER AND REFERRING ORDINANCE TO ELECTORS OF FOREST GROVE AT THE NEXT GENERAL ELECTION ON NOVEMBER 8, 2016

WHEREAS, on September 22, 2014, the Forest Grove City Council adopted Ordinance 2014-09 imposing a ten percent tax on the sale or transfer of marijuana and marijuana-infused products within the City; and

WHEREAS, the Oregon state legislature subsequently passed ORS 475B.345, which purportedly preempts the City from imposing any tax or fee on the sale of marijuana items other than imposing up to a three percent tax or fee on the sale of marijuana items by a marijuana retailer in the area subject to the jurisdiction of the city if such a tax is approved by the voters of the City; and

WHEREAS, the Ordinance Number 2016-11 repealed the previously adopted ten percent tax, which is now purportedly preempted by state law; and

WHEREAS, consistent with ORS 475B.345, the Forest Grove City Council wishes to impose a three percent tax on the sale of marijuana items by a marijuana retailer in the area subject to the jurisdiction of the city; and

WHEREAS, City Council held a duly-noticed Public Hearing on June 27, 2016, and continued to hearing on July 11, 2016, on the proposed ordinance.

NOW, THEREFORE, THE CITY OF FOREST GROVE ORDAINS AS FOLLOWS:

Section 1: Definitions.

“Marijuana item” has the meaning given that term in ORS 475B.015(16).

“Marijuana retailer” means a person who holds a license under ORS 475B.110 and sells marijuana items to a consumer in this state.

“Retail sale price” means the price paid for a marijuana item, excluding tax, to a marijuana retailer by or on behalf of a consumer of the marijuana item.

Section 2: Tax Imposed. As authorized by ORS 475B.345, the City of Forest Grove hereby imposes a tax of three percent on the retail sale price of all marijuana items sold by a marijuana retailer in the city.

Section 3: Collection. The tax shall be collected at the point of sale of a marijuana item by a marijuana retailer at the time at which the retail sale occurs and remitted by each marijuana retailer that engages in the retail sale of marijuana items. If approved by voters, the Council shall take actions necessary to implement the tax.

Section 4: Referral. This ordinance shall be referred to the electors of Forest Grove at the next statewide general election on Tuesday, November 8, 2016.

Section 5: Severability. The sections, subsections, paragraphs and clauses of this ordinance are severable. The invalidity of one section, subsection, paragraph, or clause does not affect the validity of the remaining sections, subsections, paragraphs or clauses.

Section 6: Savings. Notwithstanding any amendment/repeal, the City ordinances in existence at the time any criminal or civil enforcement actions were commenced, remain valid and in full force and effect for purposes of all cases filed or commenced during the times this ordinance or portions thereof were operative.

Section 7. Effective date. This ordinance shall be effective 30 days following its enactment by the City Council.

PRESENTED AND PASSED the first reading the 27th day of June, 2016.

PASSED the second reading this 11th day of July, 2016.



Anna D. Ruggles, City Recorder

APPROVED by the Mayor this 11th day of July, 2016.



Peter B. Truax, Mayor

Statement of Votes Cast by Contests
November 8, 2016 General Election
All Precincts, All Districts, All Contests
Official Final

Page: 142
2016-11-28
11:34:16

Total Ballots Cast: 273702, Registered Voters: 341315, Overall Turnout: 80.19%
143 precincts reported out of 143 total

34-249 City of Forest Grove MJ Tax (Vote for 1)

Precinct	Ballots Cast	Reg. Voters	Total Votes	Yes		No		Over Voted Ballots	Under Votes
Precinct 339	4565	6358	4389	3165	72.11%	1224	27.89%	0	176
Precinct 340	5568	6900	5426	4186	77.15%	1240	22.85%	0	142
Total	10133	13258	9815	7351	74.90%	2464	25.10%	0	318





A place where families and businesses thrive.

CITY RECORDER USE ONLY:	
AGENDA ITEM #:	7
MEETING DATE:	12/18/16
FINAL ACTION:	RESOLUTION

CITY COUNCIL STAFF REPORT

TO: City Council

FROM: Jesse VanderZanden, City Manager

MEETING DATE: December 12, 2016

PROJECT TEAM: Paul Downey, Administrative Services Director
Jon Holan, Community Development Director

SUBJECT TITLE: Resolution Approving Agreement with DOR for Marijuana Tax Collection

ACTION REQUESTED:	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Order	<input checked="" type="checkbox"/> X	<input type="checkbox"/> Resolution	<input type="checkbox"/> Motion	<input type="checkbox"/> Informational
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X all that apply

ISSUE STATEMENT: The City needs to begin collecting the voter-approved 3% sales tax on the retail sales of marijuana. The Oregon Department of Revenue (DOR) is willing to collect the tax on behalf of the City and remit the net taxes collected to the City. DOR has prepared a standard Marijuana Tax Collection Agreement for the City’s approval. Staff has prepared a resolution authorizing the City Manager to sign the contract for Council consideration.

BACKGROUND: The City Council adopted Ordinance No. 2016-15 to establish a 3% sales tax on retail sales of marijuana subject to voter approval. The voters approved the tax on November 8, 2016, by a 74% to 26% margin. The Ordinance directs the Council to take actions necessary to implement collection of the tax. Staff considered the City collecting the tax itself or having the DOR collect the tax. A work session was held with the Council at the November 28, 2016, meeting at which staff explained to the Council its recommendation to have the DOR collect the tax on behalf of the City.

Estimates of the annual taxes collected for the City are \$36,500 to \$40,500 The DOR will initially withhold 4% of the City’s tax collected and will remit the balance to the City quarterly. The DOR will charge the City its share of the actual cost of collecting taxes for the City which is estimated to be \$1,160 the first year and \$760 after the first year. Once a year, the DOR will reconcile the actual costs of collecting the tax to the 4% being withheld. The DOR will either: 1) remit the difference to the City if the 4% withheld is greater than the actual costs: or 2) withhold the additional costs from the next quarterly payment if the 4% withholding does not cover the actual costs of collection. Current estimates are the 4% withholding will exceed the actual costs of collecting the tax.

Staff contacted the DOR to see if the proposed agreement can be modified for an individual city. The DOR responded that the contract was established by the DOR and the Oregon Department of Justice. All governmental entities are required to sign this contract and the contract is the same for all agencies. The City must accept the agreement as it is written if the City wants the DOR to collect the tax on its behalf.

FISCAL IMPACT: The fiscal impact of having the DOR collect the tax is that the State will charge the City the fees listed above and that will reduce the net amount of tax collected. If the City does not sign the agreement, it will have to implement its own system to collect the tax and if there are any difficulties in collecting the tax, the costs of the City enforcing the collection of the tax could easily exceed the costs of the DOR collecting the tax for the City.

STAFF RECOMMENDATION: Staff recommends the City Council adopt the attached resolution approving the Marijuana Tax Collection Agreement between the City and the DOR.

ATTACHMENT(s): Resolution Approving Marijuana Tax Collection Agreement
Marijuana Tax Collection Agreement



1201 Court Street NE, Suite 200 • Salem, Oregon 97301
(503) 588-6550 • (800) 452-0338 • Fax: (503) 399-4863
www.orcities.org

To: League of Oregon Cities Members
From: Wendy Johnson, Intergovernmental Relations Associate
Date: November 4, 2016
RE: Marijuana Tax Collection Agreement FAQ

A copy of a model Marijuana Tax Collection Agreement provided by the Oregon Department of Revenue (DOR) is available on the League's website under "[Marijuana Resources](#)" in the A-Z Index. This is an optional intergovernmental agreement (IGA) that cities may choose to enter into with the DOR if the city elects to have the DOR collect and enforce their local marijuana tax. The option of state administration of the local tax was sought by the League during the 2016 session for efficiency, and to address concerns related to public safety and banking. This Frequently Asked Questions (FAQ) memo is intended to further explain and highlight the following six key components of the IGA.

1. Timing of Payments from the State (paragraph 4)

Under the agreement, local governments will receive payment of local marijuana taxes from the DOR each quarter; however, the quarterly payment will not be for the quarter that just finished, but the quarter before that. The delayed payment will occur due to the time retailers have to pay the taxes and file their returns, and the time DOR needs to process the payments and returns. Specifically, retailers must file a return each quarter and make payments each month. The terms of the IGA provide that DOR will make payment within 60 days AFTER the quarterly return due date.

Example: The first quarter for 2017 runs from January 1 to March 31. The tax return for that first quarter is due to the DOR on May 1 (30 days after the quarter). The tax payments to the DOR are due February 28, March 31, and May 1 for the tax collected for the corresponding previous month. The DOR will send tax payments to the local government within 60 days after the return due date of May 1, and thus payment to local government is due by June 30. This is three months after the end of the first quarter, March 31.

The DOR is in discussions with the Oregon Department of Administrative Services (DAS), but Paragraph 4 (last sentence) would permit the DOR to have DAS send the actual quarterly local marijuana tax payments to local governments. This payment may or not be made along with the state shared revenue payments of the state marijuana tax. The DAS already has the infrastructure to do the payments and mailings, etc. since they handle several other state shared revenue payments (for example, liquor and cigarette). The state is working out details, but don't be surprised that you may be working with DAS and not the DOR on the actual local marijuana tax payments.

2. Cost to Local Governments for DOR to Collect and Enforce (paragraphs 5 and 6)

The legalization of recreational marijuana and the taxation of the product is still very new to the state and costs for tax administration have not been adequately calculated since the program is still evolving. Thus, for ease of administration, the IGA simply provides for 4 percent of local tax revenues to be withheld each month by the DOR to approximate the state's costs. Then, once a year, the DOR will figure out their actual costs and use the three fees described in paragraph 5(a) to (c) to calculate each local government's share of the costs. The DOR recognizes local governments would like more specificity on what the costs will be before signing an agreement, but details simply are not available yet. The draft IGA has been improved a great deal over recent months. Specifically, paragraph 5(g) was recently added to make it clear → that the DOR will only recover costs to administer the local marijuana tax. In addition, more details and limits on the administrative service fee and the business fee were added to the IGA. Cities may consider adjusting their ordinances to help offset the DOR fees. For example, license fees for retailers could be adjusted. See the League's Model Ordinances, Appendix E, available under "Marijuana Resources" in the League's online A-Z index.

3. Interest and penalties for late payment (paragraphs 1(d) and 2)

The DOR will collect interest and penalties for local governments on local marijuana taxes, following the same method and using the same rates as they do for the state marijuana tax. Beginning in 2017, the interest rate will be 5 percent (annual) or 0.4167 percent (monthly). In addition, there are 5, 20, and 100 percent penalties that escalate over time for failing to file or failing to pay. Local governments may need to revise their local ordinances, notices, etc. if the interest and penalties conflict with the state provisions. The IGA specifically provides that the DOR will not collect additional penalties or fees that a city may assess. (See paragraph 1(d)). See also page 2 of the Oregon Quarterly Marijuana Tax Return that discusses late filing and penalties, available here: https://www.oregon.gov/DOR/forms/FormsPubs/marijuana-tax-return_610-001_2016.pdf

4. Start Date of Agreement (paragraph 16)

Approximately 100 cities have local marijuana taxes on the November 8 ballot. Election results will not generally be certified until December 8, and both the DOR and taxpayers need some lead time to start this new tax collection. With this in mind, the IGA provides that for those local governments that sign the agreement by the deadline, collection and enforcement by

the DOR would begin January 1, 2017. Local governments need to sign and submit the agreement by January 15, 2017 for the DOR to collect for the first quarter of 2017. (See paragraph 16, last sentence). Signing in November or December 2016 is encouraged in order to assist the DOR in preparation. The DOR is permitting signing the agreement after the first quarter starts (until January 15) because payment for January taxes is not due until February 28. Cities that sign after the January 15 deadline would have start dates of the next applicable quarter. Cities may need to amend their ordinance if the ordinance included information about where, how, and when the tax must be remitted that conflicts with the IGA.

5. Confidentiality (paragraph 15)

Marijuana tax information is largely confidential. ORS 314.835 provides that “particulars” in reports and returns of local taxes collected pursuant to ORS 305.620 (the provision permitting the DOR collection through an intergovernmental agreement) are confidential. “Particulars” are defined in statute. The IGA references this statute and provides limited employee access and use in paragraph 15. The League’s model ordinance also contains a confidentiality provision. See the League’s Model Ordinances, Appendix E, available under “Marijuana Resources” in the League’s online A-Z index. Cities will need to follow the confidentiality protocols carefully. Note also that the DOR has alerted the League that published financials and proposed budgets may need to have local marijuana tax revenues combined with other revenues if a city has such few retailers such that individual retailer information would be inadvertently disclosed. Questions should be directed to the DOR.

6. City’s Responsibilities (paragraphs 10-12)

Cities that enter into the model IGA would have the following key responsibilities:

1. Shall provide the DOR with a **list of the local taxpayers** (licensed marijuana retailers) in their jurisdiction within 60 days of signing the agreement, and then update the list each quarter. (Note: the DOR will receive taxpayer information from OLCC on marijuana retailers too, but the list from the cities will help with boundary issues and provide a double-check.)
2. Shall provide the DOR with a **list of zip codes** in their taxing jurisdiction within 60 days of signing the agreement. (This will particularly help with boundary issues, e.g. incorporated or unincorporated locations, and provide a double-check as well.)
3. Shall **review reports and reconciliations each quarter** and promptly notify the DOR of any perceived errors or omissions.
4. Shall **maintain its records** under Oregon public records laws and provide records upon request. (This would include business registration records primarily.)
5. Shall **provide a copy of the ordinance** that imposes the local marijuana tax to the DOR along with the signed agreement. Cities also must provide the DOR with updates on ordinance changes.

This document is not a substitute for legal advice. City councils considering using the Oregon Department of Revenue to collect local marijuana taxes should not rely solely on this memo or League sample ordinances. Any city council considering any form of regulation or taxing of marijuana should consult with its city attorney regarding the advantages, disadvantages, risks and limitations of any given approach.

Legal counsel can also assist a city in preparing an ordinance that is consistent with state law, local procedures, existing ordinances and a city's charter, and advise on what process is needed to adopt the ordinance.

The memo is intended to be a starting point, not an ending point, for any jurisdiction considering entering into an agreement with the Oregon Department of Revenue.

RESOLUTION NO. 2016-49

**RESOLUTION OF THE CITY OF FOREST GROVE, WASHINGTON COUNTY, OREGON,
APPROVING REFERRAL TO THE ELECTORS OF THE CITY OF FOREST GROVE THE
QUESTION OF IMPOSING A THREE PERCENT TAX ON THE SALE OF MARIJUANA
ITEMS BY A MARIJUANA RETAILER WITHIN THE CITY OF FOREST GROVE AT THE
GENERAL ELECTION TO BE HELD ON TUESDAY, NOVEMBER 8, 2016**

WHEREAS, ORS 475B.345 provides that a city council may adopt an ordinance to be referred to the voters that imposes up to a three percent tax or fee on the sale of marijuana items by a marijuana retailer in the area subject to the jurisdiction of the city; and

WHEREAS, the City of Forest Grove City Council adopted Ordinance Number 2016-15, which imposes a tax of three percent on the sale of marijuana items by a marijuana retailer in the area subject to the jurisdiction of the city;

**NOW THEREFORE, BE IT RESOLVED BY THE CITY OF FOREST GROVE AS
FOLLOWS:**

Section 1. An election is hereby called in and for the City of Forest Grove, Washington County, Oregon, to submit to the legal voters of the City the following question (Exhibit 2, Form SEL802):

Shall the City impose a 3% tax on recreational marijuana items sold by marijuana retailers in Forest Grove?

Section 2. Tuesday, November 8, 2016 is hereby designated as the date for holding the election for voting on the measure.

Section 3. The election shall be conducted by the Washington County Elections Department.

Section 4. The precincts for said election shall be and do constitute all of the territory included within the corporate limits of the City of Forest Grove.

Section 5. The ballot title to appear on the ballots shall read as follows (Exhibit A, Form SEL805):

CAPTION: **Authorizing tax on recreational retail sales of marijuana items**

QUESTION: **Shall the City impose a 3% tax on recreational marijuana items sold by marijuana retailers in Forest Grove?**

SUMMARY:

Under a state law, cities in Oregon may adopt ordinances imposing up to a three percent tax or fee on the sale of recreational marijuana items in the city by state-licensed marijuana retailers as long as the ordinance is referred to the voters for approval at the next statewide general election.

Approval of this measure would impose a three percent tax on the sale of recreational marijuana items in the City of Forest Grove by a licensed marijuana retailer. The tax would be collected at the point of sale and remitted by the marijuana retailer.

Section 6. The City Manager is hereby authorized to submit no later than 5:00 p.m., September 12, 2016, an impartial Explanatory Statement for the Washington County Voters' Pamphlet on behalf of the City to read (Exhibit 3, Form JVCP-05):

EXPLANATORY STATEMENT:

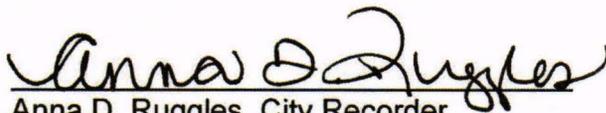
Approval of this measure would impose a three percent tax on the sale of recreational marijuana items by a marijuana retailer within the city. If approved, the annual revenue from this tax is estimated to be \$36,750. There are no restrictions on how the city may use the revenues generated by this tax.

Under Measure 91, adopted by Oregon voters in November 2014 and amended by the Legislature in 2015, the Oregon Liquor Control Commission must license the retail sale of recreational marijuana. ORS 475B.345 provides that a city council may adopt an ordinance imposing up to a three percent tax on the sale of recreational 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 voters at a statewide general election. The City of Forest Grove City Council has adopted an ordinance imposing a three percent tax on the sale of recreational marijuana items by a retail licensee in the city, and, as a result, has referred this measure to the voters.

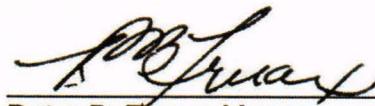
Section 7. The City Recorder shall take any and all steps necessary to place this measure on the ballot at the November 8, 2016, statewide general election including, but not limited to publishing a copy of the ballot title in the next available edition of a newspaper of general distribution in the City as well as notice of the seven day challenge ballot title challenge period as required in ORS 250.296.

Section 8. This resolution is effective immediately upon its enactment by the City Council.

PRESENTED AND PASSED this 11th day July, 2016.


Anna D. Ruggles, City Recorder

APPROVED by the Mayor this 11th day of July, 2016.


Peter B. Truax, Mayor