

Voter Guide for Retail Marijuana Cultivation Facilities Excise Tax and Retail Marijuana Cultivation Facilities in Industrial Zone Districts

2019 Municipal Ballot Issue

SHALL CITY OF LOUISVILLE TAXES BE INCREASED BY \$200,000 IN 2020 (THE FIRST FULL FISCAL YEAR OF SUCH TAX INCREASE) AND BY WHATEVER ADDITIONAL AMOUNTS ARE RAISED ANNUALLY THEREAFTER, BY IMPOSING, EFFECTIVE JANUARY 1, 2020, A NEW TAX ON THE FIRST SALE OR TRANSFER OF UNPROCESSED MARIJUANA BY A RETAIL MARIJUANA CULTIVATION FACILITY AT THE RATE OF FIVE PERCENT (5%) OF THE AVERAGE MARKET RATE, WHICH IS THE AVERAGE PRICE OF UNPROCESSED RETAIL MARIJUANA THAT IS SOLD OR TRANSFERRED FROM A RETAIL MARIJUANA CULTIVATION FACILITY, WITH THE TAX REVENUES BEING USED TO PAY OR REIMBURSE THE CITY FOR DIRECT AND INDIRECT COSTS INCURRED OR EXPENDED BY THE CITY FOR TRAINING, ENFORCEMENT, AND ADMINISTRATION OF ALL APPLICABLE MARIJUANA LAWS AND REGULATIONS, TO SUPPORT LOCAL DRUG AND ALCOHOL PROGRAMS AND FACILITIES, AND FOR OTHER GENERAL PURPOSES OF THE CITY; WITH THE RATE OF THE TAX BEING ALLOWED TO BE INCREASED OR DECREASED WITHOUT FURTHER VOTER APPROVAL SO LONG AS THE RATE OF TAXATION DOES NOT EXCEED TEN PERCENT (10%), IN ACCORDANCE WITH ANY ORDINANCES HEREAFTER APPROVED BY THE CITY COUNCIL OF THE CITY OF LOUISVILLE; PROVIDED THAT ANY SUCH TAX SHALL BE IMPOSED ONLY IF RETAIL MARIJUANA CULTIVATION FACILITIES ARE PERMITTED WITHIN THE CITY; AND SHALL THE CITY BE AUTHORIZED TO COLLECT AND SPEND SUCH REVENUE AS A VOTER APPROVED REVENUE CHANGE UNDER ARTICLE X SECTION 20 OF THE COLORADO CONSTITUTION, AND SHALL ORDINANCE NO. 1776, SERIES 2019, WHICH IMPOSES THE TAX, BE APPROVED?

What This Ballot Issue Is

If voters approve this ballot issue, the City would be allowed to impose an excise tax on the first sale or transfer of unprocessed retail marijuana by a retail marijuana cultivation facility located within the City, at the rate of 5% of the “average market rate,” which rate may be an adoption of the average market rate as determined by the State of Colorado Department of Revenue pursuant to state statute, or may be determined by the City of Louisville Finance Director as the average price of unprocessed retail marijuana that is sold or transferred from a retail marijuana cultivation facility to a retail marijuana products manufacturer, retail marijuana store, or another retail marijuana cultivation facility. City Council would be permitted to increase the rate up to 10% by ordinance without further voter approval.

The City would be permitted to use revenues from the excise tax for the following purposes: to pay for or reimburse the City for direct and indirect costs for training, enforcement and administration of all applicable marijuana laws and regulations; to support local drug and alcohol programs and facilities; and for other general purposes of the City.

The City estimates receiving revenues in the amount of \$200,000 for the first fiscal year of the tax (2020). Cultivation facilities would only be allowed within Industrial Zone Districts if voters were to approve the excise tax on cultivation facilities.

What This Ballot Issue Is Not

This ballot issue does not ask voters whether retail marijuana cultivation facilities should be allowed within the Industrial Zone Districts of the City. However, cultivation facilities would be allowed if the voters were to (i) approve this ballot issue, which would permit the City to impose an excise tax on retail marijuana cultivation facilities, and (ii) approve Ballot Question No. ____ (see subsequent ballot question), which would permit retail marijuana cultivation facilities within the Industrial Zone Districts of the City.

Arguments for Ballot Issue

- The City would incur increased costs associated with the administration and regulation of retail marijuana cultivation sales, including costs for licensing and permitting of cultivation facilities, as well as possible increases in public safety and drug outreach and prevention. An additional tax would help offset these costs.
- Revenues from the tax would be used for training, enforcement and administration of all applicable marijuana laws and regulations; to support local drug and alcohol programs and facilities; and for other general purposes of the City.
- Additional funding for public safety and drug outreach and prevention would allow existing funding to be used for other critical municipal services.

Arguments against Ballot Issue

- The 5% excise tax rate, and any subsequent increase in such rate, could deter retail marijuana cultivation businesses from locating in Louisville.
- Marijuana cultivation should not be taxed at a disproportionately higher tax rate than other products subject to City sales tax.
- Existing revenue in the City budget should be reallocated to fund public safety and drug outreach and prevention.

2019 Municipal Ballot Question

IF BALLOT QUESTION NO. ____ IS PASSED BY THE VOTERS, APPROVING AN EXCISE TAX ON THE FIRST SALE OR TRANSFER OF UNPROCESSED MARIJUANA BY A RETAIL MARIJUANA CULTIVATION FACILITY, SHALL THE CITY OF LOUISVILLE MUNICIPAL CODE BE AMENDED TO PERMIT RETAIL MARIJUANA CULTIVATION FACILITIES WITHIN INDUSTRIAL ZONE DISTRICTS OF THE CITY, SUBJECT TO CITY LICENSING AND REGULATION, AND SHALL ORDINANCE NO. 1777, SERIES 2019, WHICH IMPOSES CERTAIN REQUIREMENTS AND REGULATIONS FOR SUCH FACILITIES, BE APPROVED?

What This Ballot Question Is

If voters approve this ballot question, it would allow retail marijuana cultivation facilities to be located within Industrial Zone Districts of the City. Cultivation facilities would only be allowed if voters were to also approve the excise tax on cultivation facilities (see previous ballot question). The total combined square footage of all licensed cultivation facilities operating in the City would not be permitted to exceed 150,000 square feet of total building area. Cultivation would also be required to take place within a locked and enclosed space and meet the City's odor emissions requirement, which prohibits facilities from emitting odors detectably from off the premises. No retail marijuana cultivation facility shall be located within 1,250 feet of any property zoned for residential purposes. Additionally, a retail marijuana cultivation facility would require a special review use under the City's zoning code, and thus would need to meet certain criteria for approval.

What This Ballot Question Is Not

This ballot question does not ask voters to approve an excise tax on retail marijuana cultivation sales. However, in addition to approving this ballot question, voters must approve Ballot Issue No. ___ permitting the imposition of the retail marijuana cultivation excise tax (see previous ballot question) to allow retail marijuana cultivation facilities within the City's Industrial Zone Districts.

Arguments for Ballot Question

- Allowing retail marijuana cultivation facilities would diversify the City's local economy and result in additional tax revenue.
- The City would be competitive with neighboring jurisdictions if it were to allow retail marijuana cultivation.
- If voters were to approve retail marijuana cultivation facilities within the City, the total square footage of the facilities would be restricted, and odors would not be permitted to be emitted off premises.

Arguments against Ballot Question

- Allowing retail marijuana cultivation within the City could result in an increase in related costs (e.g., administrative, regulation, medical care, addiction treatment) that could exceed the additional tax revenue.
- Retail marijuana cultivation could negatively affect the quality of life for neighboring properties (i.e., odor, venting, and disposal of waste).
- Allowing retail marijuana cultivation could support the expansion of an industry that sells a potentially harmful drug.

Questions?

Visit the City's website at <https://www.louisvilleco.gov/residents/city-election-information-2569> or call us at 303.666.6565.

*This information from the City of Louisville provides arguments both for and against these ballot items. It is not intended to urge a vote for or against the ballot measures.