

**FINANCE MEMORANDUM  
#18-10**

**DATE:** July 23, 2018  
**TO:** Honorable Mayor Carol A. Dodge and City Council Members  
**FROM:** Rob Webber, Acting City Manager *RW*  
Jason Loveland, Director of Finance *JL*  
**SUBJECT:** Discussion Item – Marijuana Tax

**PURPOSE:**

City Council is reviewing the current two percent special sales tax structure on retail and medical marijuana and marijuana products in the city.

**BACKGROUND:**

In 2014, council approved Ordinance 1690 to implement the city's two percent tax on marijuana and marijuana products for the construction of public facilities that voters approved in Nov. 2014.

**UPDATE:**

This item was on the May 14, 2018 agenda as a discussion item and council requested it be brought to a study session to continue their conversation. On June 4, council discussed a possible increase to the tax on marijuana and marijuana products in the city. Staff was asked to bring back a draft ballot question for consideration and additional discussion.

The following table compares Northglenn's tax on marijuana to neighboring communities:

<b>Municipality</b>	<b>Retail</b>	<b>Medical</b>
Aurora	2-10%	-
Boulder	3.5-10%	-
Commerce City	7%	7%
Denver	3.5-15%	-
Englewood	3.5-15%	-
Federal Heights	5%	-
Lafayette	5-10%	-
Littleton	3%	-
Thornton	5%	5%
Wheat Ridge	-	-
<b>Northglenn</b>	<b>2%</b>	<b>2%</b>

The city's two percent tax generated \$619,000 in 2017. The tax revenue is being used as part of the civic campus master plan funding.

**DISCUSSION:**

Staff is seeking council direction on the following:

- 1) Setting the minimum and maximum tax rate.
- 2) Will annual increases be capped? Will that cap be included in the question?
- 3) What specific use, if any, will there be on the special tax?

If the city participates in the 2018 coordinated election, key dates are listed below:

July 30	Last day to notify the counties in writing of the City's intent to participate in the Nov. 6 coordinated election
August 13	Last regular City Council meeting to approve Coordinated Election IGAs
August 27	Last regular City Council meeting to approve ballot questions
August 28	Statutory deadline for Coordinated Election IGAs to be fully executed by city and counties
September 7	Deadline to certify ballot content to county clerks

The cost to add a TABOR issue to the Nov. 6, 2018 Coordinated General Election ballot will be based on numerous factors including the number of active registered voters, the inclusion of state ballot measures, the number and type of other participating entities, and the actual costs incurred by the county.

Staff estimates the cost to be less than \$25,000 for 2018.

**RECOMMENDATION:**

None.

**STAFF REFERENCE:**

If Council Members have any comments or questions, please contact Jason Loveland at [jloveland@northglenn.org](mailto:jloveland@northglenn.org) or at 303.450.8817.

**ATTACHMENT:**

Draft Ballot Question

DRAFT NORTHGLENN QUESTION

SHALL CITY OF NORTHGLENN TAXES BE INCREASED BY \$ \_\_\_\_\_ (**EST. AMOUNT OF REVENUE**) ANNUALLY IN THE FIRST FISCAL YEAR, AND BY SUCH AMOUNTS AS ARE RAISED ANNUALLY THEREAFTER BY IMPOSING A NEW SALES TAX OF \_\_\_\_\_% (**CURRENTLY 2%**) ON THE SALE OF RETAIL MARIJUANA AND MEDICAL MARIJUANA, AND RETAIL MARIJUANA AND MEDICAL MARIJUANA PRODUCTS, WHICH SHALL BE IN ADDITION TO THE MUNICIPAL SALES TAX ON SUCH SALES, AND SHALL ALL REVENUES DERIVED FROM SUCH TAX BE COLLECTED AND SPENT TO BE USED EXCLUSIVELY FOR THE CONSTRUCTION OF PUBLIC FACILITIES, INCLUDING, BUT NOT LIMITED TO, THE NORTHGLENN RECREATION CENTER, THE NORTHGLENN SENIOR CENTER, AND THE NORTHGLENN THEATRE, 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 \_\_\_\_\_% AS A VOTER APPROVED REVENUE CHANGE WITHOUT REGARD TO ANY EXPENDITURE, REVENUE RAISING, OR OTHER LIMITATION CONTAINED IN ARTICLE X, § 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?