

Election — November 5, 2019

City of Louisville Ballot Issues



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Ballot Issue 2D **RETAIL MARIJUANA** **CULTIVATION FACILITY** **EXCISE TAX**

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, 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?

Major Provisions

The proposal, referred to voters by City Council, creates a new excise tax, beginning in 2020, on the sale or transfer of unprocessed retail marijuana at 5% of the average market rate – provided that the Retail Marijuana Cultivation proposal, Ballot Question 2F also passes, allowing marijuana cultivation in industrial zones of the City of Louisville. City Council would be permitted to increase the tax rate up to 10% by ordinance without further voter approval. Revenues would be used to implement marijuana laws and regulations, to support drug and alcohol programs, and for other general purposes.

Background

Amendment 64, passed by Colorado voters in 2012, allows local governments to regulate or prohibit licensing of marijuana cultivation facilities, product manufacturing facilities, testing facilities and retail stores. In February 2019, City Council revised existing City

marijuana regulations and determined to refer to voters two proposals regarding marijuana cultivation—ballot issue 2D and ballot question 2F. If both proposals pass, the City estimates receiving revenues in the amount of \$200,000 for the first fiscal year of the tax (2020).

Those IN FAVOR say

- City staff estimate annual tax revenues of \$20,000 at each cultivation facility or a total of \$100,000 to \$200,000 assuming five facilities opening in the first fiscal year based on averages received in Lafayette, Boulder and Aurora.
- Anticipated tax revenues generated by the measures could be used to pay for direct costs incurred and expended as well as to support local drug and alcohol programs and facilities and for other general purposes.

Those OPPOSED say

- 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.

Ballot Issue 2E **RETENTION OF** **RECREATION TAX** **REVENUES**

WITHOUT CREATING ANY NEW TAX OR INCREASING ANY CURRENT TAX RATE, MAY THE CITY OF LOUISVILLE KEEP

REVENUES THAT OTHERWISE WOULD BE REFUNDED FOR EXCEEDING ESTIMATES INCLUDED IN THE ELECTION NOTICE MAILED TO VOTERS FOR THE 2016 VOTER-APPROVED 0.15 PERCENT INCREASE IN SALES AND USE TAX, WHETHER OR NOT SUCH REVENUES HAVE ALREADY BEEN SPENT, AND CONTINUE TO COLLECT THE TAX AT THE PREVIOUSLY APPROVED RATE, AND SPEND ALL REVENUES COLLECTED FOR OPERATING AND MAINTAINING THE LOUISVILLE RECREATION/SENIOR CENTER AND POOL FACILITIES AT MEMORY SQUARE PARK?

Major Provisions

Approval of the ballot issue would allow the City to keep revenues collected in 2018 (the first year of collection) exceeding estimates included in the election notice mailed to voters in 2016. Approval of the ballot issue would also allow the City to continue to collect sales and use tax at the 2016 voter-approved 0.15 percent increased rate for operating and maintaining the recently expanded and remodeled Louisville Recreation/Senior Center and the pool facilities at Memory Square Park. This ballot issue does not increase the City's sales and use tax rate above what the voters previously approved at the 2016 election.

Background

The Taxpayer's Bill of Rights (TABOR), adopted by Colorado voters in 1992 restricts revenues for all levels of government (state, local, and schools.) Under TABOR, Louisville cannot raise tax rates and cannot spend revenues collected without voter approval. If voters do not approve this ballot issue, the City would be required under TABOR to refund \$845,795 in revenues collected from the

tax rate increase in 2018, and to eliminate the City’s sales and use tax rate increase approved by the voters at the 2016 election.

Those IN FAVOR say

- This ballot issue does not increase the City’s sale and use tax rate above what the voters previously approved at the 2016 election.
- A reduction in the sales and use tax rate to the rate existing prior to the 2016 election would likely result in an increase in membership and user fees or a reduction of service levels or programming, or both, at the Louisville Recreation/Senior Center and the pool facilities at Memory Square Park to offset the decrease in tax revenues dedicated to operating and maintaining the expanded and remodeled facilities.
- Approval of the ballot issue would support healthy living for all City residents, and the maintenance of upgraded facilities and equipment and expanded programming for adults, seniors and youth.

Those OPPOSED say

- Consumers would continue to be subjected to a higher-sales and use tax rate than that which existed prior to the 2016 election.
- The City should not be permitted to retain tax revenues exceeding estimates in the election notice mailed to voters in 2016.
- There would not be a tax refund in the amount of \$845,795 if the ballot issue were to pass.



Ballot Question 2F
Allowing Retail Marijuana Cultivation Facilities

If Ballot Issue 2D 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?

Major Provisions

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 (Ballot Issue 2D).

Background

Amendment 64, passed by Colorado voters in 2012, allows local governments to regulate or prohibit licensing of marijuana cultivation facilities, product manufacturing facilities, testing facilities and retail stores. In February 2019, City Council revised existing City marijuana regulations and determined to refer to voters two proposals regarding marijuana cultivation—ballot issue 2D and ballot question 2F. If both proposals pass, the City estimates receiving revenues in the amount of \$200,000 for the first fiscal year of the tax (2020).

Those IN FAVOR say

- Allowing retail marijuana cultivation facilities would diversify the City’s local economy, would result in additional tax revenue and the City would be competitive with neighboring jurisdictions that already allow retail marijuana cultivation facilities.
- An odor-emission ordinance enacted in February would apply to cultivation facilities.

Those OPPOSED say

- 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 result in increased criminal activity within the City.

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