



Board of Aldermen Request for Action

MEETING DATE: 1/17/2023

DEPARTMENT: Administration

AGENDA ITEM: Bill No. 2972-23, Imposing a Sales Tax for General Revenue Purposes and Placing Issue on Ballot – 1st Reading and 2nd reading

REQUESTED BOARD ACTION:

A motion to approve Bill No. 2972-23, imposing a sales tax for general revenue purposed and placing the issue on the April 4 ballot as an emergency Ordinance sponsored by Mayor Boley first reading and second reading by title only.

SUMMARY:

On November 8, 2022, Missouri citizens voted to approve Amendment No. 3 legalizing adult use recreational marijuana. Amendment No. 3 allows Missouri cities to collect an additional 3% sales tax on adult use recreational marijuana, upon voter approval via a simple majority in a municipal election.

At the December 6 Board of Aldermen meeting, staff was directed to develop ballot language to bring forward for Board action to place the sales tax question on a future agenda. The first opportunity for cities to take this question to the voters is the April 4, 2023 election. Certification of ballot questions for this election must be approved by Ordinance by January 24, 2023.

Very early estimates by the Missouri Municipal League indicate cities with the additional 3% adult use recreational marijuana sales tax in place could see a projected \$150,000 in additional sales taxes per dispensary per year. The State of Missouri holds the authority to approve any additional future dispensaries statewide. It is unknown if the state will approve any additional dispensaries in Smithville beyond the one existing.

Medical marijuana purchases will not be subject to the 3% additional adult use recreational marijuana sales tax. Only individuals purchasing adult use recreational marijuana will pay the additional 3% sales tax. Existing sales taxes will also be collected.

More than 50 cities and counties across the state have placed this question on the April 4 ballot. In the Kansas City area, these include Belton, Blue Springs, Excelsior Springs, Gladstone, Grain Valley, Grandview, KCMO, Kearney, Independence, Raymore, Raytown and Sugar Creek.

PREVIOUS ACTION:

Following the November 8 election, the Board of Aldermen discussed this issue at the December 6 Board of Aldermen meeting, directing staff to bring an Ordinance forward

for action allowing for certification with the county clerk's office prior to January 24, 2023.

POLICY OBJECTIVE:

Financial administration

FINANCIAL CONSIDERATIONS:

N/A

ATTACHMENTS:

- | | |
|---|-----------------------------------|
| <input checked="" type="checkbox"/> Ordinance | <input type="checkbox"/> Contract |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Plans |
| <input type="checkbox"/> Staff Report | <input type="checkbox"/> Minutes |
| <input type="checkbox"/> Other: | |

AN ORDINANCE OF THE CITY OF SMITHVILLE, MISSOURI, IMPOSING A SALES TAX FOR GENERAL REVENUE PURPOSES, IN ADDITION TO ANY AND ALL OTHER TANGIBLE PERSONAL PROPERTY RETAIL SALES TAXES IN EFFECT IN THE CITY, AT THE RATE OF THREE PERCENT (3%) FOR THE PRIVILEGE OF SALE AT RETAIL OF ADULT USE MARIJUANA SOLD IN THE CITY, IF SUCH PROPERTY AND SERVICES ARE SUBJECT TO TAXATION BY THE STATE OF MISSOURI, UNDER THE PROVISIONS OF SECTIONS 32.085 AND 94.500 THROUGH 94.550 R.S.Mo; AND PROVIDING FOR SUBMISSION OF THE PROPOSAL TO THE QUALIFIED VOTERS OF THE CITY FOR THEIR APPROVAL AT THE MUNICIPAL ELECTION CALLED AND TO BE HELD IN THE CITY OF SMITHVILLE ON THE 4th DAY OF APRIL, 2023

WHEREAS, On November 8, 2022 Missouri Voters approved Missouri Amendment 3, Marijuana Legalization Initiative (2022) the City is seeking to impose a Sales Tax under the provisions of as approved by the voters and sections 32.085 and 94.500 to 94.550 R.S.Mo., in the amount of three percent (3%); and

WHEREAS, the City is authorized, under the provisions of Missouri Amendment 3, Marijuana Legalization Initiative (2022) to impose a sales tax at a rate not to exceed three percent on all tangible personal property retail sales of adult use marijuana sold in the City in addition to any and all other tangible personal property retail sales taxes levied by the City; and

WHEREAS, the proposed City sales tax cannot become effective until approved by the voters at a municipal general, primary or special election; and the City wishes to submit the issue to the voters.

NOW, THEREFORE, be it ordained by the Board of Aldermen of the City of SMITHVILLE, as follows:

Section 1. Imposition of City Sales tax. Pursuant to the authority granted by, and subject to, the provisions of Missouri Amendment 3, Marijuana Legalization Initiative (2022) as approved by the voters on November 8, 2022, a sales tax for general revenue purposes is imposed for the privilege of sale at retail of all tangible personal property retail sales of adult use marijuana sold in the City in addition to any and all other tangible personal property retail sales taxes within the city.

Section 2. The rate of the tax shall be three percent (3%).

Section 3. This ordinance shall be submitted to the qualified voters of Smithville, Missouri, for their approval, as required by the provisions of Missouri Amendment 3, Marijuana Legalization Initiative (2022) as approved by the voters on November 8, 2022

at the Municipal election hereby called and to be held in the City on the 4th day of April, 2023. The official ballot to be supplied and used at said election shall be in substantially the following form:

PROPOSITION

Shall the City of Smithville impose a city sales tax of three percent (3%) on all retail sales of adult use marijuana sold within the city?

YES

NO

INSTRUCTIONS TO VOTERS: If you are in favor of the proposition, place an X in the box opposite "YES." If you are opposed to the proposition, place an X in the box opposite "NO."

Section 4. Within ten (10) days after the approval of this ordinance by the qualified voters of Smithville, Missouri, the City Clerk shall forward to the Director of Revenue of the State of Missouri by United States registered mail or certified mail, a certified copy of this ordinance together with certifications of the election returns and accompanied by a map of the City clearly showing the boundaries thereof.

Section 5. This Ordinance shall be in full force and effect from and after the date of its passage and approval.

PASSED AND ADOPTED by the Board of Aldermen and **APPROVED** by the Mayor of the City of Smithville, Missouri, the 17th of January 2023.

Damien Boley, Mayor

ATTEST:

Linda Drummond, City Clerk

First Reading: 1/17/2023

Second Reading: 1/17/2023