Legislation Text

File #: 25-036, **Version:** 1

Ordinance No. 25-09 Creating a New Article 13 (Retail Marijuana Sales Tax) of Chapter 2 (Business Licensing, Liquor Regulation and Taxation) of the Code of the City of Colorado Springs 2001, as amended, Pertaining to Retail Marijuana Sales Tax Code

Presenter:
Charae McDaniel, Chief Financial Officer

Summary:
The attached ordinance adds a new section to the Business Licensing, Liquor Regulation and Taxation Chapter of City Code to codify the additional five percent (5%) sales tax on retail marijuana that was approved by voters in 2022.

The initiated ordinance provided that the tax revenue from the additional 5% retail marijuana sales tax could only be used for public safety programs, mental health services, and post-traumatic stress disorder treatment programs for veterans.

Background:
At the November 8, 2022, Coordinated Election, the electorate of the City of Colorado Springs approved an initiated ordinance to impose an additional five percent (5%) sales tax on the sale of retail marijuana. By its own terms, the initiated ordinance went into effect on April 1, 2023, but was not codified because the sale of retail marijuana was not lawful within the City of Colorado Springs at that time. However, at the November 5, 2024, Coordinate Election, the electorate of the City of Colorado Springs approved retail marijuana businesses within the City limits pursuant to Ballot Question 300. Due to the passage of Ballot Question 300, amendments to the City Code are needed to implement the retail marijuana sales tax.

Previous Council Action:
N/A.

Financial Implications:
The revenue from the additional 5% sales tax will be placed in a separate Special Revenue Fund. The estimated amount of revenue from the tax is approximately $2 million and is exempt from TABOR revenue limitations. The specifics of how the City will spend the retail marijuana sales tax revenue will be determined by the Administration and City Council, at a future date.

City Council Appointed Board/Commission/Committee Recommendation:
N/A

Stakeholder Process:
N/A

Alternatives:
N/A

Proposed Motion:
Move approval of Ordinance No. 25-09 Creating a New Article 13 (Retail Marijuana Sales Tax) of Chapter 2 (Business Licensing, Liquor Regulation and Taxation) of the Code of the City of Colorado Springs 2001, as amended, Pertaining to Retail Marijuana Sales Tax Code

An Ordinance Amending the Code of the City of Colorado Springs to add a new article related to the additional 5% retail marijuana sales tax