

ORDINANCE NO. 25-_____

AN ORDINANCE 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

WHEREAS, 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; and

WHEREAS, the initiated ordinance provided that the tax revenue could only be used for public safety programs, mental health services, and post-traumatic stress disorder treatment programs for veterans; and

WHEREAS, by its own terms the initiate 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; and

WHEREAS, 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; and

WHEREAS, because of the passage of Ballot Question 300, amendments to the City Code are needed to implement the retail marijuana sales tax.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

Section 1. 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, is amended to read as follows:

ARTICLE 13: RETAIL MARIJUANA SALES TAX

2.13.101: TITLE

2.13.102: LEGISLATIVE DECLARATION

2.13.103: DEFINITIONS

2.13.104: TAX LEVIED; RATE

2.13.105: PAYMENT OF TAX AND FILING REQUIREMENTS

2.13.106: APPLICABILITY OF THE CITY TAX CODE

2.13.107: TIMELY FILING REQUIREMENT AND PENALTY FOR DELINQUENCY

2.13.108 SPECIAL FUND CREATED

2.13.101: TITLE:

This article may be known and cited as the CITY RETAIL MARIJUANA SALES TAX ORDINANCE.

2.13.102: LEGISLATIVE DECLARATION:

At the November 8, 2022, Coordinated Election, the voters of Colorado Springs approved an initiated ordinance to impose an additional five percent (5%) sales tax on the sale of retail marijuana. The purpose of this part is to implement the intent of the voters by imposing the additional sales tax and setting forth the spending limitations of the revenue generated therefrom.

2.13.103: DEFINITIONS:

As used in this article, unless otherwise required by context:

RETAIL MARIJUANA: Marijuana that is grown, sold or used pursuant to the provisions of the State Code and for a purpose authorized by Colorado Constitution article XVIII, section 16(2)(f) and 16(2)(k), as amended.

RETAIL MARIJUANA STORE: A person licensed pursuant to the City's Marijuana License Code to purchase Retail Marijuana from marijuana cultivation facilities and marijuana and marijuana products from marijuana product manufacturing facilities and to sell marijuana and marijuana products to consumers.

TAXPAYER: Any person required to collect and remit taxes on the sale of retail marijuana under this article.

2.13.104: TAX LEVIED; RATE:

There is hereby levied a tax of five percent (5%) on the gross sales price of all retail marijuana sold within the City of Colorado Springs. This tax shall be in addition to the general City sales tax and any other applicable taxes.

2.13.105: PAYMENT OF TAX AND FILING REQUIREMENTS:

Every taxpayer shall file a monthly return and remit the tax imposed by this article to the City of Colorado Springs Finance Department. Such filing and payment shall be made on or before the 20th day of the month following the month in which the taxable sales occurred, in accordance with the procedures set forth in the City Tax Code.

2.13.106: APPLICABILITY OF THE CITY TAX CODE:

All of the provisions of the City Tax Code are hereby incorporated by reference as if set forth in full, subject to the following modifications:

- A. Section 2.7.101 Of This Chapter: Delete section 2.7.101 of this chapter.
- B. Section 2.7.102 Of This Chapter: Delete section 2.7.102 of this chapter.
- C. Sections 2.7.201 Through 2.7.203 Inclusive Of This Chapter: Delete sections 2.7.201 through 2.7.203 inclusive of this chapter.
- D. Subsection 2.7.602A Of This Chapter: Delete subsection 2.7.602A of this chapter.

2.13.107: TIMELY FILING REQUIREMENT AND PENALTY FOR DELINQUENCY:

A. Filing Requirement: Every taxpayer must file tax returns and remit payment monthly, on or before the 20th day of the month following the reporting period.

1. Delinquency Status: Any taxpayer failing to file or pay on time will be considered delinquent and in violation of this article and the City Code.

B. Good Standing Requirement: A taxpayer must remain in good standing regarding its sales tax obligations at all times. Failure to do so will result in penalties, including business license nonrenewal, suspension or revocation. The retail marijuana store may be prohibited from operating until compliance is achieved.

C. Penalties: Failure to file returns or remit payment in a timely manner may result in the following penalties:

1. Sales Tax license: Any taxpayer in violation of this article shall be subject to section 2.7.507.

2. Business License: The City shall have all remedies available to it under the City's Marijuana License Code and the General License Code, including but not limited to nonrenewal, suspension and/or revocation of the business license of any taxpayer who is delinquent in filing tax returns and/or remitting sales tax payment(s).

2.13.108 SPECIAL FUND CREATED:

A. The revenues derived from this tax, less its cost of collection and administration, shall be placed in a special fund separate and distinct from the City's general fund. Expenditures from the fund shall be made only for (1) public safety programs; (2) mental health services; and (3) post-traumatic stress disorder treatment programs for veterans.

B. Each year after this ordinance becomes effective and the City has collected the Retail Marijuana Sales Tax, the revenue from that tax shall be subject to an independent citizen audit by a three-person panel, appointed by the mayor, of persons familiar with generally accepted accounting practices and municipal government. Such audit shall be made readily available to the public.

Section 2. Any person convicted of violating Section 107 (Timely Filing Requirement And Penalty For Delinquency) of Article 13 (Retail Marijuana Sales Tax) of Chapter 2 (Business Licensing, Liquor Regulation And Taxation) shall be subject to the penalties and remedies, as applicable, provided in Sections 201 (General Penalty) and 202 (Minor Offenders) of Part 2 (General Penalty) of Article 1 (Administration) of Chapter 1 (Administration, Personnel, and Finance) of the Code of City of Colorado Springs, 2001, as amended.

Section 3. This ordinance shall be in full force and effect from and after its final adoption and publication as provided by Charter.

Section 4. Council deems it appropriate that this ordinance be published by title and summary prepared by the City Clerk and that this ordinance be available for inspection and acquisition in the office of the City Clerk.

Introduced, read, passed on first reading and ordered published this ____ day of _____, 2025.

Finally passed: _____

Randy Helms, Council President

Mayor's Action:

- ☐ Approved on _____.
- ☐ Disapproved on _____, based on the following objections:

Blessing A. Mobolade, Mayor

Council Action After Disapproval:

- ☐ Council did not act to override the Mayor's veto.
- ☐ Finally adopted on a vote of _____, on _____.
- ☐ Council action on _____ failed to override the Mayor's veto.

Randy Helms, Council President

ATTEST:

Sarah B. Johnson, City Clerk