

Resolution Number _____

A resolution of the Missoula City Council requesting the Missoula County Commission adopt a resolution and referral to the people of Missoula County for authorization of a local-option marijuana excise tax of up to three percent.

WHEREAS, the 2021 Montana Legislature passed House Bill (HB) 701 regulating operation and taxation of marijuana businesses and sales; and

WHEREAS, HB 701 allows for a county to submit to qualified electors the question of local-option marijuana excise tax of up to three percent; and

WHEREAS, as of May 7, 2021 there were 48 registered Marijuana Dispensaries in Missoula registered with the Montana Department of Health and Human Services; and

WHEREAS, Missoula County estimates total revenue from a three percent local-option marijuana tax would be approximately \$716,000 annually; and

WHEREAS, HB 701 mandates that revenue from a local-option marijuana tax, if approved by voters, would be split with 50 percent of the revenue going to Missoula County, 45 percent going to the City of Missoula, and five percent of the revenue retained by the Montana Department of Revenue; and

WHEREAS, local governments have limited alternatives for taxing authority, and a new local option marijuana excise tax would help diversify local revenue generation; and

WHEREAS, HB 701 allows local-option marijuana excise tax to be used for any activity, undertaking, or administrative service that the municipality is authorized by law to perform; and

WHEREAS, property taxes have increasingly shifted to residential property-tax payers, with residential property taxes composing 42.9 percent of Missoula's property tax revenue in 1999 and 59 percent in 2020; and

WHEREAS, the City of Missoula recognizes the need for property-tax reform and diversified revenue streams; and

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Missoula, Montana that it hereby requests that the Missoula County Commission adopt a resolution and referral to the people of Missoula County for authorization of a local-option marijuana excise tax in the amount of three percent on the retail value of all marijuana and marijuana products sold at adult-use dispensaries and medical marijuana dispensaries within Missoula County; and

BE IT FURTHER RESOLVED that the City of Missoula proposes to spend its share of the local-option marijuana excise tax on property tax reduction.

PASSED AND ADOPTED this ____ of _____, 2021.

Martha L. Rehbein
Legislative Services Director/City Clerk

John Engen
Mayor