

ORDINANCE NO. 658

AN ORDINANCE ESTABLISHING A TAX ON THE SALE OF MARIJUANA AND MARIJUANA-INFUSED PRODUCTS IN THE CITY OF WILLAMINA

WHEREAS, Chapter II, Sections 4 and 5 of the WILLAMINA City Charter provides:

Powers of the City. The City has all powers which the constitutions, statutes and common law of the United States and this State expressly and/or impliedly grant or allow municipalities, as fully as though this Charter specifically enumerated each of those powers.

Construction of Charter Powers. In this charter, no mention of a particular power is exclusive of or restricts the scope of the powers which the city would have if the particular power were not mentioned. The charter shall be liberally construed to the end that the city has all powers necessary or convenient for the conduct of its municipal affairs, including all powers that a city may assume pursuant to state laws and to the municipal home rule provisions of the state constitution.

WHEREAS, the City desires to tax the sale or transfer of marijuana and marijuana-infused products within the City.

THE PEOPLE OF THE CITY OF WILLAMINA DO ORDAIN AS FOLLOWS:

SECTION 1. Title IV- Revenue and Finance is hereby added to the Willamina Municipal Code establishing a tax on the sale of marijuana and marijuana-infused products, as follows:

SECTION 40.10 Purpose.

For the purposes of this Chapter, every person who sells marijuana, medical marijuana or marijuana-infused products in the City of Willamina is exercising a taxable privilege. The

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purpose of this Chapter is to impose a tax upon the retail sale of marijuana, medical marijuana, and marijuana-infused products.

SECTION 40.020 Definitions.

When not clearly otherwise indicated by the context, the following words and phrases as used in this chapter shall have the following meanings:

- A. “Recorder” means the City Recorder for the City of Willamina or his/her designee.
- B. “Gross Taxable Sales” means the total amount received in money, credits, property or other consideration from sales of marijuana, medical marijuana and marijuana-infused products that is subject to the tax imposed by this chapter.
- C. “Marijuana” means all parts of the plant of the Cannabis family Moraceae, whether growing or not; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant or its resin, as may be defined by Oregon Revised Statutes as they currently exist or may from time to time be amended. It does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted there from), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination.
- D. “Oregon Medical Marijuana Program” means the office within the Oregon Health authority that administers the provisions of ORS 475.300 through 475.346, the Oregon Medical Marijuana Act, and all policies and procedures pertaining thereto.

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- E. “Person” means natural person, joint venture, joint stock company, partnership, association, club, company, corporation, business, trust, organization, or any group or combination acting as a unit, including the United States of America, the State of Oregon and any political subdivision thereof, or the manager, lessee, agent, servant, officer or employee of any of them.
- F. “Purchase or Sale” means the acquisition or furnishing for consideration by any person of marijuana within the City.
- G. “Registry identification cardholder” means a person who has been diagnosed by an attending physician with a debilitating medical condition and for whom the use of medical marijuana may mitigate the symptoms or effects of the person's debilitating medical condition, and who has been issued a registry identification card by the Oregon Health Authority.
- H. “Retail sale” means the transfer of goods or services in exchange for any valuable consideration.
- I. “Seller” means any person who is required to be licensed or has been licensed by the State of Oregon to provide marijuana or marijuana-infused products to purchasers for money, credit, property or other consideration.
- J. “Tax” means either the tax payable by the seller or the aggregate amount of taxes due from a seller during the period for which the seller is required to report collections under this chapter.
- K. “Taxpayer” means any person obligated to account to the Finance Recorder for taxes collected or to be collected, or from whom a tax is due, under the terms of this chapter.

SECTION 40.030 Levy of Tax.

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~~A.~~ There is hereby levied and shall be paid a tax by every seller exercising the taxable privilege of selling marijuana and marijuana-infused products as defined in this chapter. The

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~~B.~~ The amount of tax levied is as follows:

- 1) Zero percent (0%) of the gross sale amount paid to the seller by a registry identification cardholder.
- 2) Ten percent (10%) of the gross sale amount paid to the seller of marijuana and marijuana-infused products by individuals who are not purchasing marijuana under the Oregon Medical Marijuana Program.

SECTION 40.040 Deductions.

The following deductions shall be allowed against sales received by the seller providing marijuana:

- A. Refunds of sales actually returned to any purchaser;
- B. Any adjustments in sales which amount to a refund to a purchaser, providing such adjustment pertains to the actual sale of marijuana or marijuana-infused products and does not include any adjustments for other services furnished by a seller.

SECTION 40.050 Seller Responsible For Payment Of Tax.

~~A.~~ Every seller shall, on or before the last day of the month following the end of each calendar quarter (in the months of April, July, October and January) make a return to the Recorder, on forms provided by the City, specifying the total sales subject to this chapter and the amount of tax collected under this chapter. The seller may request or the Recorder may establish shorter reporting periods for any seller if the seller or Recorder deems it necessary in order to insure collection of the tax and the Recorder may require further information in the return relevant to payment of the tax. A return shall not be considered filed until it is actually received by the Recorder.

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- B. At the time the return is filed, the full amount of the tax collected shall be remitted to the Recorder. Payments received by the Recorder for application against existing liabilities will be credited toward the period designated by the taxpayer under conditions that are not prejudicial to the interest of the City. A condition considered prejudicial is the imminent expiration of the statute of limitations for a period or periods.
- C. Non-designated payments shall be applied in the order of the oldest liability first, with the payment credited first toward any accrued penalty, then to interest, then to the underlying tax until the payment is exhausted. Crediting of a payment toward a specific reporting period will be first applied against any accrued penalty, then to interest, then to the underlying tax. If the Recorder, in his or her sole discretion, determines that an alternative order of payment application would be in the best interest of the City in a particular tax or factual situation, the Recorder may order such a change. The Recorder may establish shorter reporting periods for any seller if the Recorder deems it necessary in order to insure collection of the tax. The Recorder also may require additional information in the return relevant to payment of the liability. When a shorter return period is required, penalties and interest shall be computed according to the shorter return period. Returns and payments are due immediately upon cessation of business for any reason. All taxes collected by sellers pursuant to this chapter shall be held in trust for the account of the City until payment is made to the Recorder. A separate trust bank account is not required in order to comply with this provision.
- D. Every seller required to remit the tax imposed in this chapter shall be entitled to retain five percent (5%) of all taxes due to defray the costs of bookkeeping and remittance.

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E. Every seller must keep and preserve in an accounting format established by the Recorder records of all sales made by the dispensary and such other books or accounts as may be required by the Recorder. Every seller must keep and preserve for a period of three (3) years all such books, invoices and other records. The Recorder shall have the right to inspect all such records at all reasonable times.

SECTION 40.060 Penalties And Interest.

A. Any seller who fails to remit any portion of any tax imposed by this chapter within the time required shall pay a penalty of ten percent (10%) of the amount of the tax, in addition to the amount of the tax.

B. Any seller who fails to remit any delinquent remittance on or before a period of 60 days following the date on which the remittance first became delinquent, shall pay a second delinquency penalty of ten percent (10%) of the amount of the tax in addition to the amount of the tax and the penalty first imposed.

C. If the Recorder determines that the nonpayment of any remittance due under this chapter is due to fraud, a penalty of twenty-five percent (25%) of the amount of the tax shall be added thereto in addition to the penalties stated in subparagraphs A and B of this section.

D. In addition to the penalties imposed, any seller who fails to remit any tax imposed by this chapter shall pay interest at the rate of one percent (1%) per month or fraction thereof on the amount of the tax, exclusive of penalties, from the date on which the remittance first became delinquent until paid.

E. Every penalty imposed, and such interest as accrues under the provisions of this section, shall become a part of the tax required to be paid.

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F. ~~Notwithstanding subsection 40.020.C, a~~All sums collected pursuant to the penalty provisions in paragraphs A and C of this section shall be distributed to the City of Willamina General Fund to offset the costs of auditing and enforcement of this tax.

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G. Waiver of Penalties. Penalties for certain late tax payments may be waived or reduced pursuant to policies and processes adopted by the City Council. However, the City Council is not required to create a penalty waiver or penalty reduction policy. If the City Council chooses, in its sole discretion, to not create a policy for waivers or reductions, or has otherwise failed to do so, no waivers or reductions are allowed~~Penalties and interest for certain late tax payments may be waived pursuant to~~ **AMC 2.28.045D**.

SECTION 40.070 Failure To Report and Remit Tax –Determination of Tax

by Recorder

If any seller should fail to make, within the time provided in this chapter, any report of the tax required by this chapter, the Recorder shall proceed in such manner as deemed best to obtain facts and information on which to base the estimate of tax due. As soon as the Recorder shall procure such facts and information as is able to be obtained, upon which to base the assessment of any tax imposed by this chapter and payable by any seller, the Recorder shall proceed to determine and assess against such seller the tax, interest and penalties provided for by this chapter. In case such determination is made, the Recorder shall give a notice of the amount so assessed by having it served personally or by depositing it in the United States mail, postage prepaid, addressed to the seller so assessed at the last known place of address. Such seller may make an appeal of such determination as provided in section 40.080. If no appeal is filed, the Recorder's determination is final and the amount thereby is immediately due and payable.

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SECTION 40.080 Appeal.

A. Any seller aggrieved by any decision of the Recorder with respect to the amount of the tax owed along with interest and penalties, if any, may appeal the decision to the municipal court.

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B. The seller must file a written notice of appeal within 10 days of the city's serving or mailing of the determination of tax due.

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C. The municipal court's review will be on the record. The court will review the Recorder's decision to determine if substantial evidence supports it.

D. The municipal court's decision is final subject only to judicial review pursuant to ORS 34.010 et seq.

~~Any seller aggrieved by any decision of the Recorder with respect to the amount of such tax, interest and penalties, if any, may appeal pursuant to the Administrative Appeals Process in **AMC 2.30.020**, except that the appeal shall be filed within 30 days of the serving or mailing of the determination of tax due. The hearings officer shall hear and consider any records and evidence presented bearing upon the Recorder's determination of amount due, and make findings affirming, reversing or modifying the determination. The findings of the hearings officer shall be final and conclusive, and shall be served upon the appellant in the manner prescribed above for service of notice of hearing. Any amount found to be due shall be immediately due and payable upon the service of notice.~~

SECTION 40.090. Refunds.

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A. Whenever the amount of any tax, interest or penalty has been overpaid or paid more than once, or has been erroneously collected or received by the City under this chapter, it may be refunded as provided in subparagraph B of this section, provided a claim in writing, stating under penalty of perjury the specific grounds

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upon which the claim is founded, is filed with the Recorder within one year of the date of payment. The claim shall be on forms furnished by the Recorder.

- B. The Recorder shall have 20 calendar days from the date of receipt of a claim to review the claim and make a determination in writing as to the validity of the claim. The Recorder shall notify the claimant in writing of the Recorder's determination. Such notice shall be mailed to the address provided by claimant on the claim form. In the event a claim is determined by the Recorder to be a valid claim, in a manner prescribed by the Recorder a seller may claim a refund, or take as credit against taxes collected and remitted, the amount overpaid, paid more than once or erroneously collected or received. The seller shall notify Recorder of claimant's choice no later than 15 days following the date Recorder mailed the determination. In the event claimant has not notified the Recorder of claimant's choice within the 15 day period and the seller is still in business, a credit will be granted against the tax liability for the next reporting period. If the seller is no longer in business, a refund check will be mailed to claimant at the address provided in the claim form.
- C. No refund shall be paid under the provisions of this section unless the claimant established the right by written records showing entitlement to such refund and the Recorder acknowledged the validity of the claim.

SECTION 40.100 Actions to Collect.

Any tax required to be paid by any seller under the provisions of this chapter shall be deemed a debt owed by the seller to the City. Any such tax collected by a seller which has not been paid to the City shall be deemed a debt owed by the seller to the City. Any person owing money to the City under the provisions of this chapter shall be liable to an action brought in the name of the City of Willamina for the recovery of such amount. In

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lieu of filing an action for the recovery, the City of Willamina, when taxes due are more than 30 days delinquent, can submit any outstanding tax to a collection agency. So long as the City of Willamina has complied with the provisions set forth in ORS 697.105, in the event the City turns over a delinquent tax account to a collection agency, it may add to the amount owing an amount equal to the collection agency fees, not to exceed the greater of fifty dollars (\$50.00) or fifty percent (50%) of the outstanding tax, penalties and interest owing.

SECTION 40.110 Violation Infractions.

A. All violations of this chapter are punishable as set forth in [AMC 1.08.020WMC §10.99](#). It is a violation of this chapter for any seller or other person to:

- 1) Fail or refuse to comply as required herein;
- 2) Fail or refuse to furnish any return required to be made;
- 3) Fail or refuse to permit inspection of records;
- 4) Fail or refuse to furnish a supplemental return or other data required by the Recorder;
- 5) Render a false or fraudulent return or claim; or
- 6) Fail, refuse or neglect to remit the tax to the city by the due date.

B. ~~Violation of subsections 1, 2, 3, 4 and 6 shall be considered a Class I violation. Filing a false or fraudulent return shall be considered a Class C misdemeanor, subject to AMC 1.08.~~ The remedies provided by this section are not exclusive and shall not prevent the City from exercising any other remedy available under the law, nor shall the provisions of this ordinance prohibit or restrict the City or other appropriate prosecutor from pursuing criminal charges under state law or City ordinance.

SECTION 40.120 Confidentiality.

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Except as otherwise required by law, it shall be unlawful for the City, any officer, employee or agent to divulge, release or make known in any manner any financial information submitted or disclosed to the City under the terms of this chapter. Nothing in this section shall prohibit:

- A. The disclosure of the names and addresses of any person who is operating a licensed establishment from which marijuana is sold or provided; or
- B. The disclosure of general statistics in a form which would not reveal an individual seller's financial information; or
- C. Presentation of evidence to the court, or other tribunal having jurisdiction in the prosecution of any criminal or civil claim by the Recorder or an appeal from the Recorder for amount due the City under this chapter; or
- D. The disclosure of information when such disclosure of conditionally exempt information is ordered under public records law procedures; or
- E. The disclosure of records related to a business' failure to report and remit the tax when the report or tax is in arrears for over six months or the tax exceeds five thousand dollars (\$5,000). The City Council expressly finds and determines that the public interest in disclosure of such records clearly outweighs the interest in confidentiality under ORS 192.501(5).

SECTION 40.130 Audit of Books, Records or Persons.

The City, for the purpose of determining the correctness of any tax return, or for the purpose of an estimate of taxes due, may examine or may cause to be examined by an agent or representative designated by the City for that purpose, any books, papers, records, or memoranda, including copies of seller's state and federal income tax return, bearing upon the matter of the seller's tax return. All books, invoices, accounts and other records shall be made available within the City limits and be open at any time during

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regular business hours for examination by the Recorder or an authorized agent of the Recorder. If any taxpayer refuses to voluntarily furnish any of the foregoing information when requested, the Recorder may immediately seek a subpoena from the Willamina Municipal Court to require that the taxpayer or a representative of the taxpayer attend a hearing or produce any such books, accounts and records for examination.

SECTION 40.140 Forms And Regulations.

A. The Recorder is hereby authorized to prescribe forms and promulgate rules and regulations to aid in the making of returns, the ascertainment, assessment and collection of said medical marijuana tax and in particular and without limiting the general language of this chapter, to provide for:

- 1) A form of report on sales and purchases to be supplied to all vendors;
- 2) The records which sellers providing marijuana and marijuana-infused products are to keep concerning the tax imposed by this chapter.

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SECTION 2. Severability. The sections, subsections, paragraphs and clauses of this ordinance are severable. The invalidity of one section, subsection, paragraph, or clause shall not affect the validity of the remaining sections, subsections, paragraphs and clauses.

SECTION 3. Savings. Notwithstanding any amendment/repeal, the City ordinances in existence at the time any criminal or civil enforcement actions were commenced, shall remain valid and in full force and effect for purposes of all cases filed or commenced during the times said ordinance(s) or portions thereof were operative. This section simply clarifies the existing situation that nothing in this Ordinance affects the validity of prosecutions commenced and continued under the laws in effect at the time the matters were originally filed.

SECTION 4. Periodic Review of Tax Rate. The City Council shall review the tax rates set by this ordinance at their first meeting in October of each even-numbered year. Any subsequent changes in tax rates shall become effective in January of the following year.

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SECTION 5. Codification. Provisions of this Ordinance shall be incorporated in the City Code and the word "ordinance" may be changed to "code", "article", "section", "chapter" or another word, and the sections of this Ordinance may be renumbered, or re-lettered, provided however that any Whereas clauses and boilerplate provisions (i.e. Sections 2-4) need not be codified and the City Recorder is authorized to correct any cross-references and any typographical errors.

SECTION 6. Effective Date. This ordinance shall become effective thirty (30) days after adoption.

_____The forgoing ordinance was read into the record by title only on first and second reading, in accordance with Chapter VIII. Section 30, paragraphs 2 and 3 of the City Charter on the 25th day of September, 2014, and duly **PASSED** and **ADOPTED** this 25th day of September, 2014, by the following votes:

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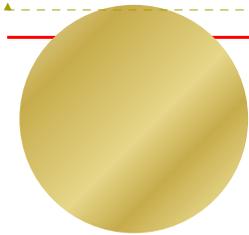
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AYES: _____

NAYS: _____

ABSTAINED: _____

ABSENT: _____



Corey L Adams, Mayor

ATTEST:

Andrea Wyckoff, Pro Tem City Recorder

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