

**Town of Lyons, Colorado
Board of Trustees
BOT Agenda Cover Sheet
Agenda Item No: IX 1.
Meeting Date: March 20, 2023**

TO: Mayor Rogin and Members of the Board of Trustees
FROM: Cassey Eyestone, Finance Director
DATE: 3/14/2023
ITEM: Ordinance 1142 – an Ordinance of the Town of Lyons, Colorado
Approving an Increase in the Marijuana Sales Tax to 5%

ORDINANCE
 MOTION / RESOLUTION
 INFORMATION

- I. REQUEST OR ISSUE:** Consideration of an increase to the local retail marijuana sales tax rate from 3.5% to 5%.
- II. RECOMMENDED ACTION / NEXT STEPS:** Hold a public hearing and consider approval of Ordinance 1142 on second reading.
- III. FISCAL IMPACTS:** If the local marijuana sales tax rate is increased it will result in additional revenue in the Town's General Fund. It is estimated that a 1.5% increase in the tax rate could result in approximately \$45,000 - \$55,000 in additional revenue annually.
- IV. BACKGROUND INFORMATION:** The Board of Trustees requested that Staff provide a comparison of the Town's local retail marijuana sales tax rate of 3.5% with neighboring communities in addition to other mountain communities. This comparison was reviewed at the February 21, 2023, Board of Trustees meeting (see Exhibit A). After discussion, staff was directed to conduct outreach to the three local marijuana dispensaries to get their input on an increase in the tax rate from 3.5% to 5% and bring an ordinance to increase the tax rate or consideration. Staff has since reached out to the businesses and responses are included in this packet.

As a reminder, the Board of Trustees has the authority to increase this tax rate up to 10% by ordinance without the need for additional voter approval.

- V. LEGAL ISSUES:** None.
- VI. CONFLICTS OR ENVIRONMENTAL ISSUES:** None known.

VII. SUMMARY AND ALTERNATIVES: The following are alternatives to the proposed ordinance language:

- Do not increase the local retail marijuana sales tax rate and the rate will remain at 3.5%
- Increase the local retail marijuana sales tax rate to 5% as presented
- Choose another amount for consideration

VIII. PROPOSED MOTION: "I move to approve Ordinance 1142 on 2nd Reading."

Attachments:

1. Ordinance 1142
2. Exhibit A – Local Marijuana Tax Comparison
3. Business Responses