




FY 2020-21 Recreational Cannabis Sales Tax

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Collection and Use of Recreational Cannabis Sales Tax Revenue

Oregon voters legalized the possession and sale of recreational cannabis in November 2014 and authorized State retail tax on the sales of cannabis.

This legislation allows local jurisdictions to levy up to 3% local tax on cannabis sales



Portland voters approved Ballot Measure 26-180 in November 2016 authorizing the City to collect the 3% local tax.



This measure identified three categories for use of the collected tax.



Three Allowable Uses



Drug and alcohol education and treatment programs, including but not limited to services that increase access to these programs and programs that support rehabilitation and employment readiness.



Public safety investments to reduce impacts of drug and alcohol abuse such as police DUI training and enforcement, support for firefighter paramedics, street infrastructure projects that improve safety, other initiatives to reduce the impacts of drug and alcohol abuse;



Support for neighborhood small businesses, especially women-owned and minority owned businesses, including but not limited to business incubator programs, management training, and job training opportunities; and providing economic opportunity and education to communities disproportionately-impacted by cannabis prohibition;

City Budget Office's Role

CBO has fiduciary responsibility for this fund

Responsibility to produce a balanced forecast for resource collection

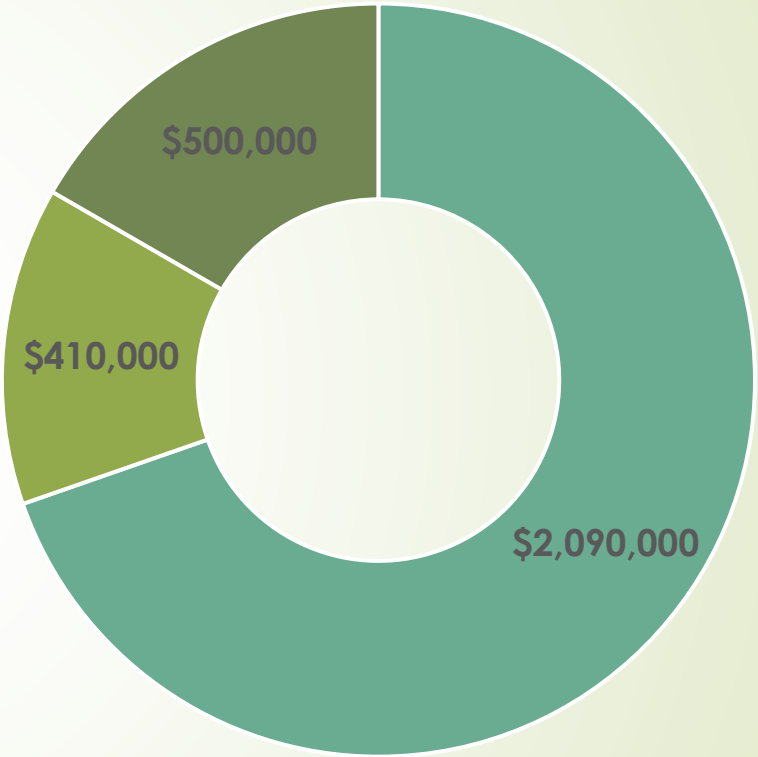
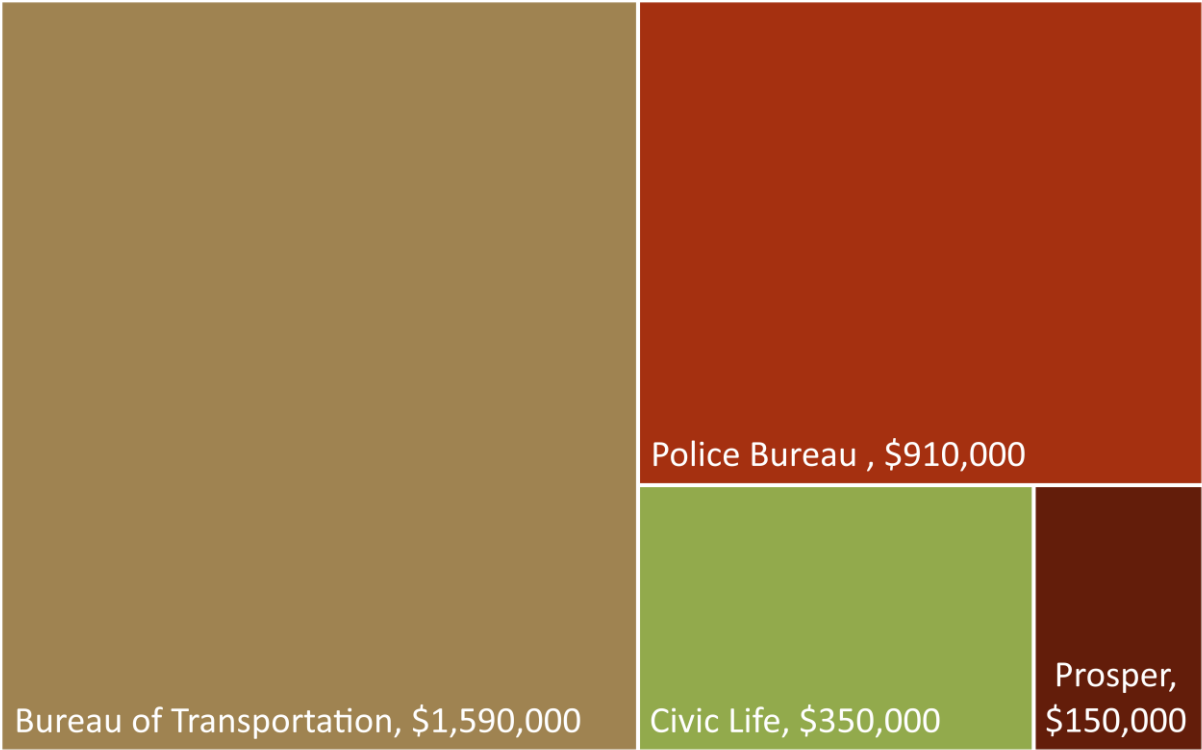
Review and report the current allocations of resources and programmatic outcomes

Receive requests for new resources for Council consideration



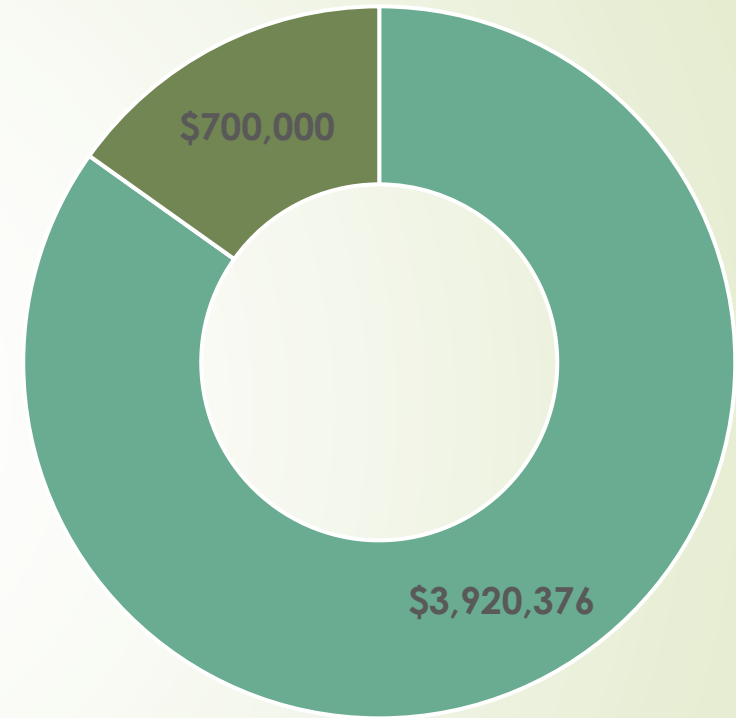
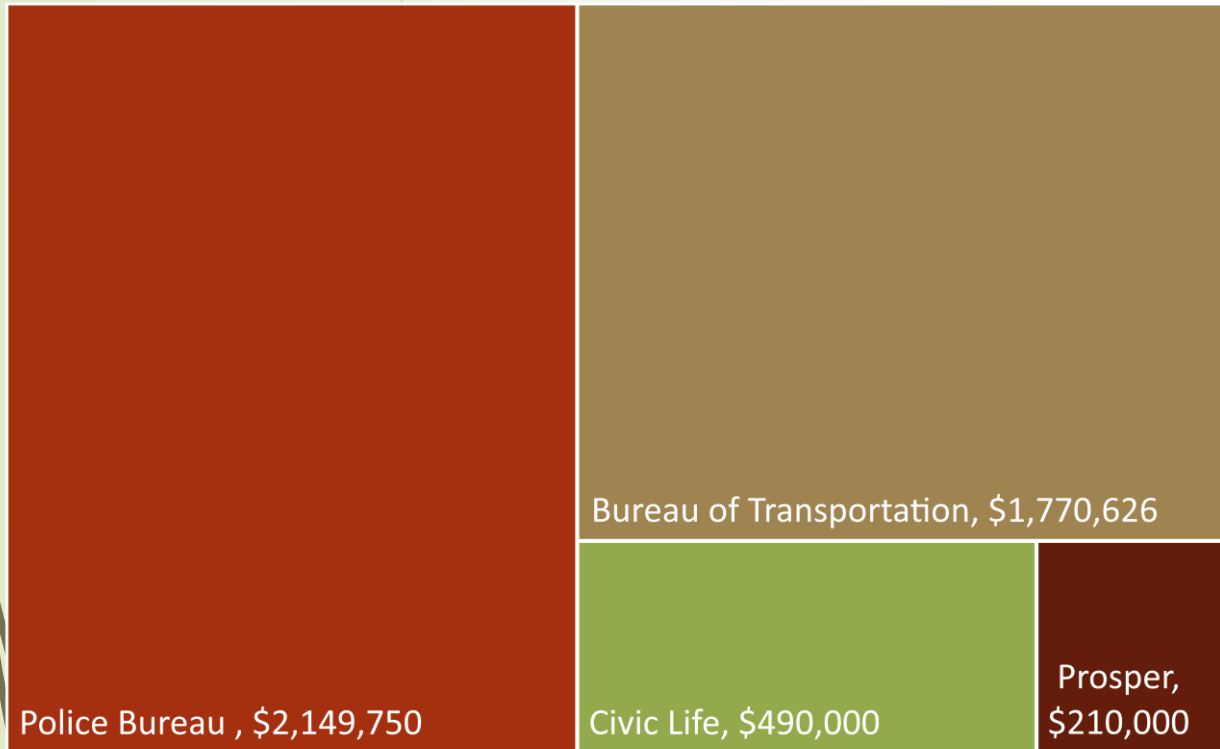
The appropriation of resources supporting the identified allowable uses is the policy decision before council.

FY 2017-18 Allocations Totaled \$3M



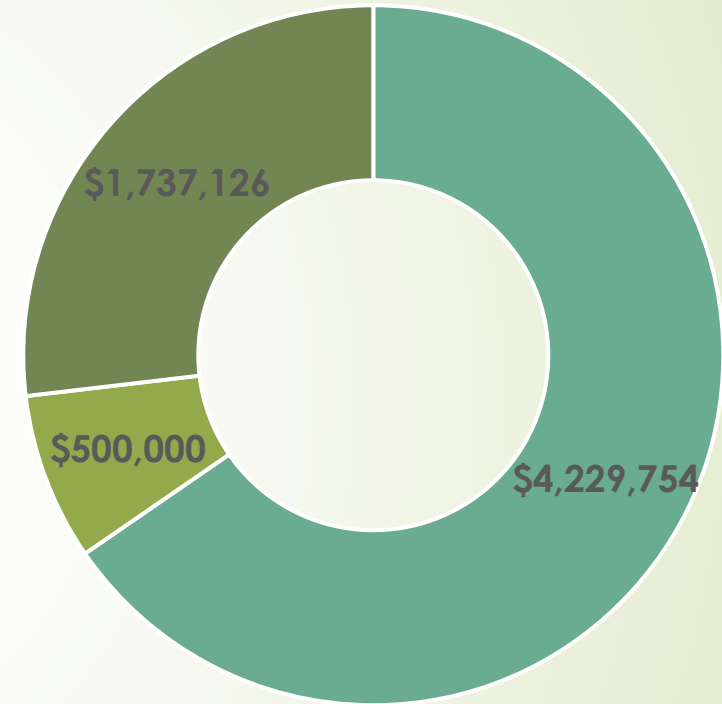
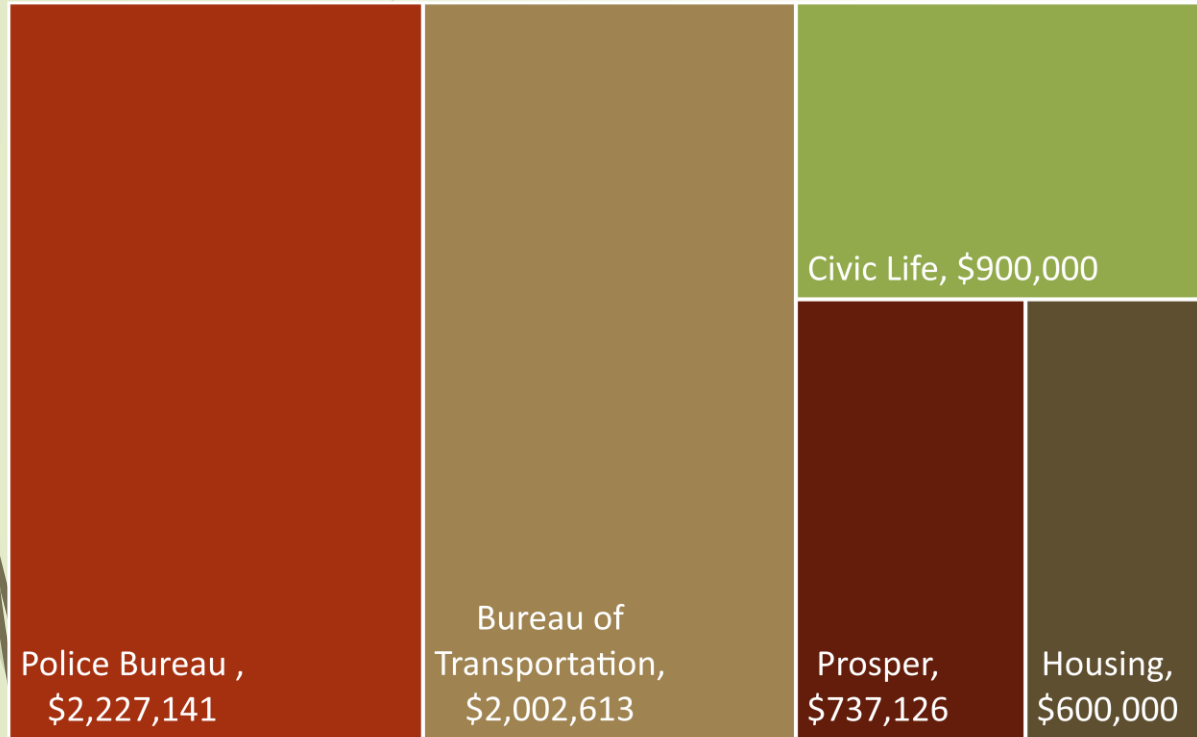
- Public Safety
- Drug and Alcohol Treatment
- Small business support, workforce development, and support for communities disproportionately impacted by prohibition

FY 2018-19 Allocations Totaled \$4.6M



- Public Safety
- Drug and Alcohol Treatment
- Small business support, workforce development, and support for communities disproportionately impacted by prohibition

FY 2019-20 Allocations Totaled \$6.5M



- Public Safety
- Drug and Alcohol Treatment
- Small business support, workforce development, and support for communities disproportionately impacted by prohibition

Summary of Resource Use: Police Bureau

- ▶ Support regular straight-time salary and benefits for the operations & investigations programs within the Traffic Division
- ▶ Program Activities include: DUII enforcement, speed enforcement, vision zero missions, distracted driving enforcement.
- ▶ Location, method and timing of proactive enforcement missions is dependent on a collaborative process with community partners, advocate agencies, victims of traffic violence and other public service agencies as well as crash data.
- ▶ Reduced funding would result in a reliance for General Fund resources to support this program, which would likely result in reductions to the Traffic Division or elsewhere in the Police Bureau or a request to City Council for additional General Fund resources.

Traffic Investigation & Operations	FY 2020-21 Requested Budget-Ongoing
General Fund	\$5.34 million
Recreational Cannabis Tax Fund	\$2.29 million
Fees/Fines	\$874,525
Grants/ Intergovernmental Funds	\$823,923
Total Program Budget	\$8.51 million

Summary of Resource Use: Bureau of Transportation

- Cannabis tax resources support program activities for the Vision Zero Action Plan and 2-year strategy
- There is focused education and infrastructure investment in the High Crash Networks primarily in east Portland
- Success is tracked and measured based on the type of investment/program, it has only been two years so the crash data is inconclusive at this point in time.
- Cannabis funds are the primary programmatic funding source for many Vision Zero initiatives and some projects.

Vision Zero ongoing support	FY 2020-21 Requested Budget
Education & outreach	\$250,000
Travel safety training & education	\$200,000
Capital Projects & on street safety investments	\$1,100,000
Vision Zero data analysis	\$150,000
Total Program Budget	\$1.7 million

Summary of Resource Use: Office of Community and Civic Life

- The Cannabis Social Equity Grant is intended to aid, strengthen, and serve restorative justice, community reinvestment, and wealth creation in communities that have been disproportionately impacted by cannabis prohibition laws.
- Grant awards for FY 2019-20 currently in process
- Grants awarded in FY 2018-19 went to community organizations supporting efforts to clear and expunge criminal records and support work force development.
- This program is 100% supported by funds received from the Recreational Cannabis Sales Tax Fund.
- Currently, these resources are either one-time awards or programmatic carryover

FY 2018-19 Grant recipients	Grant Award
Metropolitan Public Defender Services	\$154,000
Green Hop Academy	\$150,000
Portland opportunities Industrialization Center	\$100,000
Voz Worker Education Project	\$60,000
Construction Hope	\$100,000
SE Works	\$71,321
Total Grant Awards	635,321

Summary of Resource Use: Prosper Portland


- ▶ The resources awarded through the Inclusive Entrepreneurship Program are dedicated to serve specific populations, with grants primarily for people of color.
 - ▶ Cannabis tax resources represent 21% of the total program budget in FY 2019-20
 - ▶ Cannabis tax resources represent 22% of the requested program budget for FY 2020-21.
- ▶ Emphasis on supporting a business in ways that lead to wealth creation for people of color, women founders and low income business owners.
- ▶ If ongoing resources are reduced, it is expected there would be programmatic impacts for agencies supporting targeted geographies or demographics, in particular support for business owned by people of color

FY 2019-20 Inclusive Entrepreneurship Program	Grant Award
Cannabis Business Development Program	\$210,000
Mercatus & My People's Market	\$100,000
Neighborhood Prosperity Network Business Support	\$194,000
Inclusive Business Resource Network (IBRN)	\$233,126
Total Program Expense	\$737,126




FY 2020-21 Cannabis Fund Forecast

- ▶ Bureaus with current year (FY 2019-20) allocations that are ongoing in nature may include these resources in their FY 2020-21 base budgets, with normal inflationary factors applied.
- ▶ The CBO released a balanced five-year forecast for the Recreational Cannabis Tax fund in January 2020.
- ▶ After accounting for existing ongoing program expenses, the fund is projected to have \$680,000 in new ongoing resources and \$127,000 in new one-time resources.
- ▶ Budget guidance for FY 2020-21 instructed bureaus to submit separate requests to City Council for their consideration by February 27, 2020




Requests for New Resources in FY 2020-21

- ▶ Office of Community and Civic Life
 - ▶ \$1.0 million of ongoing resources to the Cannabis Social Equity Grant Program. Currently these grants are funded with one-time resources.
 - ▶ These funds are anticipated to provide additional resources to meet the demand as measured through the number of grant applications received.
 - ▶ In FY 2018-19 the bureau received 32 applications totaling \$3.8 million in requests. As there was limited resource available, only \$631,321 was awarded to six requesting organizations.



Requests for New Resources in FY 2020-21

- ▶ Portland Police Bureau
 - ▶ \$136,243 in ongoing resources and 1.0 FTE Officer in the bureau's Traffic Division.
 - ▶ The position is expected to enable the expansion of the bureau's efforts to promote traffic safety and reduce unsafe driving in support of Vision Zero.
 - ▶ This request is associated specifically with expanding the Traffic Division's capacity to issue citations for speed and traffic signal violations captured by the photo enforcement programs operated by both the Police and Transportation Bureaus.
 - ▶ The expansion of the City's capacity to improve traffic safety with photo enforcement systems is expected to have the greatest impact on the communities in those areas that data indicate have a demonstrated level of increased risk, and those designated as being high crash corridors.



Requests for New Resources in FY 2020-21

- **Prosper Portland- \$650,000 in ongoing resources**
 - **Cannabis Businesses Development Program: \$210,000 ongoing.** Funding was previously allocated as one-time funding in FY18-19 and FY19-20 by Civic Life's Social Equity Grants Program
 - **Additional ongoing support for Mercatus: \$50,000 ongoing.** Support includes: marketing through Mercatus Magazine; access to professional services including legal, bookkeeping, and digital marketing; growth workshops; and industry networking events.
 - **Portland Means Progress Emerging Leaders Alignment: \$150,000 ongoing.** This requests will fully align The Contingent's Emerging Leaders internship program with Portland Means Progress, carrying 100+ committed Portland-based Emerging Leaders host businesses into the Portland Means Progress network.
 - **Trade Show Assistance: \$50,000 ongoing.** A significant gap exists in support for small to medium sized traded sector companies owned by women and/or people of color to take advantage of domestic or international trade show opportunities that may help increase their sales, brand visibility, and media exposure.
 - **Inspiring Diversity Grants: \$70,000 ongoing.** Allows businesses, that would otherwise lack funding, to engage in diversity, equity and inclusion work.
 - **Small Business Internship Grant: \$70,000 ongoing.** The internships provide more equitable access to meaningful learning opportunities and professional development; at the same time, the grant recipient businesses will gain unique insights as they diversify their talent pipelines.
 - **Additional IBRN Legal Support: \$50,000 ongoing.** This program provides legal advising around entity selection and formation, contract drafting, employment, regulatory compliance, and intellectual property year-round.



Discussion

