

**TO: ALL REGISTERED VOTERS
NOTICE OF ELECTION TO INCREASE TAXES ON REFERRED MEASURES**

CITY OF GRAND JUNCTION - MESA COUNTY, COLORADO

Election Date: Tuesday, April 6, 2021
Election Hours: 7:00 a.m. to 7:00 p.m.

Local Election Office Address and Telephone Number:

City Clerk's Office
City of Grand Junction
250 North 5th Street
Grand Junction, Colorado 81501
Telephone: (970) 244-1509

CITY OF GRAND JUNCTION REFERRED MEASURE 2A

SHALL CITY OF GRAND JUNCTION TAXES BE INCREASED BY TWO MILLION NINE HUNDRED THOUSAND DOLLARS (\$2,900,000) IN THE FIRST FULL FISCAL YEAR AND BY SUCH AMOUNTS AS ARE RAISED ANNUALLY THEREAFTER BY INCREASING THE CITY SALES AND USE TAX ON THE RETAIL SALE OF REGULATED MARIJUANA AND MARIJUANA PRODUCTS FROM 3.25% TO 8.25% (WITH AUTHORIZATION THAT THE SPECIAL SALES AND USE TAX OF 5% COULD BE INCREASED IN THE FUTURE ABOVE 5% WITHOUT FURTHER VOTER APPROVAL SO LONG AS THE RATE OF THE SPECIAL SALES AND USE TAXATION DOES NOT EXCEED 15%) AND THE IMPOSITION OF AN EXCISE TAX OF 3% (WITH AUTHORIZATION THAT THE EXCISE TAX OF 3% COULD BE INCREASED IN THE FUTURE ABOVE 3% WITHOUT FURTHER VOTER APPROVAL SO LONG AS THE RATE OF THE EXCISE TAX DOES NOT EXCEED 10%) WHEN UNPROCESSED REGULATED MARIJUANA IS FIRST SOLD OR TRANSFERRED BY A REGULATED MARIJUANA CULTIVATION FACILITY AND IF THE TRANSFER OR SALE IS BETWEEN AFFILIATED REGULATED MARIJUANA BUSINESS LICENSEES THE TAX SHALL BE BASED ON THE AVERAGE MARKET RATE OF UNPROCESSED MARIJUANA, AND IF THE TRANSFER OR SALE IS BETWEEN UNAFFILIATED REGULATED MARIJUANA BUSINESS LICENSEES THE TAX SHALL BE BASED ON THE CONTRACT PRICE, WITH THE REVENUES FROM EXCISE AND THE SPECIAL SALES AND USE TAXES BEING USED FOR THE IMPROVEMENT AND PROTECTION OF THE COMMUNITY AND HEALTH AND WELFARE OF ITS CITIZENS AS FOLLOWS:

- THE ENFORCEMENT OF REGULATIONS ON THE REGULATED MARIJUANA INDUSTRY AND OTHER COSTS RELATED TO THE IMPLEMENTATION OF THE USE AND REGULATION OF REGULATED MARIJUANA AND LAWFUL UTILIZATION OF MARIJUANA; AND
- BUILDING, OPERATING AND MAINTAINING THE HIGHEST PRIORITY(IES) OF THE ADOPTED PARKS AND RECREATION OPEN SPACE (PROS) PLAN WHICH INCLUDE INDOOR AND OUTDOOR RECREATION AND PARK FACILITIES, CAPITAL IMPROVEMENTS AND ENHANCEMENTS TO THE CITY'S PARKS, TRAILS AND OPEN SPACE SYSTEM;

WITH ALL EXPENDITURES SUBJECT TO ANNUAL FINANCIAL AUDIT, AND MAY THE CITY COLLECT, RETAIN AND EXPEND ALL OF THE REVENUES OF ALL OF SUCH TAXES AND THE EARNINGS THEREON AS A VOTER-APPROVED REVENUE CHANGE WITHOUT LIMITATION OR CONDITION UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?

Total City Fiscal Year Spending

Fiscal Year

2021 (estimated)	\$69,749,170
2020 (estimated)	\$64,908,416
2019 (actual)	\$65,967,940
2018 (actual)	\$64,779,544
2017 (actual)	\$61,498,784

Overall percentage change from 2017 - 2021	13%
Overall dollar change from 2017 - 2021	\$8,250,386

Estimate of Maximum Dollar Amount of Increase of Fiscal Year Spending with the Proposed Tax Increase

The City's estimate of the maximum dollar amount of the proposed tax increase for the first full fiscal year (2022) of the proposed tax increase: \$2,900,000

The City's estimate of fiscal year spending in 2022 without the proposed tax increase: \$72,084,313

Summary of Written Comments FOR Referred Measure 2A:

Though the language of the ballot measure, following Colorado law, begins "shall the taxes of the city of Grand Junction be increased", the language simply allows the City of Grand Junction to tax local cannabis sales and keep the money here. Unfortunately, these revenues are being collected in other communities that have authorized the sale, regulation, and taxation of cannabis in their municipalities. The Grand Junction residents and visitors who would be paying this tax are already paying these taxes to other communities. Measure 2A would bring local dollars home to Grand Junction where they will be used on public safety and recreational programs in our city.

When Colorado voters approved the sale of cannabis, they enabled municipalities the ability to regulate and tax those businesses in accordance with the climate and culture of each individual community. For the past decade, Grand Junction has chosen to let the cannabis industry to develop in other towns to gauge the benefits and costs associated with legal marijuana sales. Over this period, Grand Junction may have missed collecting millions of sales taxes per year as well as significant dollars in job creation and business investment that have been foregone due to the moratorium. Local real estate, construction, service suppliers and remodeling companies will receive help from investment in building purchases and upgrades should 2A and 2B pass.

Legal cannabis sales have proven to be part of a safe, responsible, and well-regulated industry that has brought stable job growth and financial investment to dozens of cities and small towns across the state. Taking cannabis sales off the streets and putting it in

regulated dispensaries is a national trend that could help local law enforcement. In fact, local law enforcement will receive revenues from local cannabis taxes and state cannabis tax collections which are sent back to the city.

Ballot Measure 2A is estimated to draw in nearly \$2.9 million in tax revenue that is currently leaking out of Grand Junction to other municipalities. Past studies of local tax collections show that most spending will come from people living outside Grand Junction. In other words, we will be capturing revenue from outside shoppers that will directly help Grand Junction's residents. This is not only an opportunity to increase local business but is also a good business decision.

As Grand Junction has a long way to go to recover from the pandemic economic downturn, now is the time for voters to approve 2A and give the local economy a much needed boost.

Summary of Written Comments AGAINST Referred Measure 2A:

NO COMMENTS WERE FILED BY THE CONSTITUTIONAL DEADLINE.