



# AGENDA

Lincoln County Board of Commissioners

Board of Commissioners  
225 West Olive Street  
Room 110  
Newport, OR 97385  
Phone: 541.285.4100  
FAX: 541.285.4176

Wednesday, January 17, 2018

9:30 a.m. Regular Meeting

Commissioner's Meeting Room  
Lincoln County Courthouse  
225 W. Olive Street, Room 108  
Newport, Oregon

- I. **CALL TO ORDER**
- II. **ROLL CALL - ESTABLISHMENT OF A QUORUM**
- III. **RECOGNITION/PROCLAMATION**
- IV. **ADOPTION OF CONSENT CALENDAR**
  - A. **Minutes of Board of Commissioners Meeting**  
Order #1-18-17                      Board of Commissioner's Meeting Minutes December 13, 2017
  - B. **Commission Appointments and Resignations**  
Order #1-18-18                      Changes in Membership to the Bayshore Special Road District
  - C. **License Applications or Renewals**
  - D. **Tax Foreclosure, Right-of-Way, Sales and Deeds**
  - E. **General Budget Resolutions**
  - F. **Acting as Governing Body of County Wide Service Districts**
  - G. **Documents and Recording Matters in the Commissioners Journal**  
Order #1-18-19                      First Amendment to Criminal Justice Commission Justice Reinvestment Grant Program Grant Agreement (Terms: Effective 7/1/17; not to exceed \$1,324,914.62)
  - H. **Execution of Documents**  
Third Amendment to Oregon Health Authority 2017- 2019 IGA #153129 for the Financing of Mental Health, Substance Abuse Disorders, and Problem Gambling Services  
  
Order #1-18-20                      Amendment to the Memorandum of Understanding between the Confederated Tribes of Siletz Indians and Lincoln County Trust

V. **PUBLIC HEARING**

A. Marijuana Tax Funds – *Presented by: Wayne Belmont*

B. Legalization of Ocean View Drive - *Presented by: Roy Kinion*

VI. **DECISION/ACTION**

A. 2018 Community & Economic Development Grant Awards

VII. **DISCUSSION/INFORMATION**

VIII. **BOARD OF COMMISSIONERS AS THE GOVERNING BODY OF COUNTY-WIDE SERVICE DISTRICTS**

IX. **REPORTS**

A. Elected Officials/Department Directors/Program Coordinators and Consultants

B. Commissioners

X. **CONSTITUENT INPUT (Limited to five minutes per constituent)**

XI. **EXECUTIVE SESSION**

XII. **ADJOURN**

XIII. **OTHER SCHEDULED MEETINGS AND APPOINTMENTS OF THE BOARD**

**Monday, January 22, 2018 - 9:00 a.m. – Office Meeting and Board Briefing** in the Commissioner's Small Meeting Room, Lincoln County Courthouse Room #110, 225 West Olive Street, Newport; meeting to cover office priorities, operations, procedures and workflow

**Wednesday, January 24, 2018 – 9:30 a.m. – Board of Commissioners Meeting** in the Commissioner's Meeting Room, Lincoln County Courthouse Room #108, 225 West Olive Street, Newport.

*For special physical, language or other accommodations at Board's meeting, please contact the Board at 265-4100 (voice) or dial 7-1-1 Relay Service and include e-mail as soon as possible, but at least 48 hours before the meeting.*

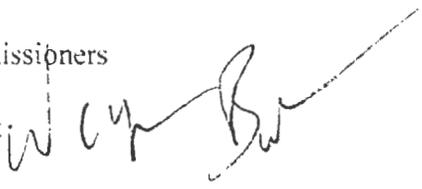


County Counsel's Office  
225 West Olive Street  
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Newport OR 97365  
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**Wayne Belmont**  
County Counsel  
**Kristin Yuille**  
Asst. County Counsel  
**Jerry Herbage**  
Asst. County Counsel  
**Janet Harrison**  
Paralegal

# Memorandum

**To:** Board of Commissioners

**From:** Wayne Belmont  
County Counsel 

**Date:** December 6, 2017

**Re:** Marijuana Tax Distribution and Utilization

## Tax Collections

We have now received our first distribution of Marijuana Tax receipts from the state of Oregon for the taxes collected prior to July 1, 2017 and from July 1, 2017 through September 30, 2017. The combined total for these two periods was **\$105,577.26**. We do not receive a break down from the state of how much of that was collected for each period, as the tax rates differed for the two periods. We also have no further breakdown of the funds received, so we are at a real disadvantage in predicting how much future funding will be. The distribution formulas have changed with changes in state law. This money also represents only the county distribution and not additional funding we may receive from the 20% of state tax proceeds which will be distributed to the Oregon Mental Health, Alcoholism and Drug Services Account and which will be available to Counties under separate arrangements made with the Oregon Health Authority. On a go forward basis, Oregon's Counties will receive 10% of the tax revenue based on total available grow canopy size and number of recreational marijuana licensees under a formula approved by the legislature. In addition, the county voters approved a 3% tax on retail sales of marijuana that would be collected by the state and remitted to the County.

## Utilization of Tax Proceeds

State law changed the last session to remove any previous restrictions on what the tax proceeds may be used for. There are no restrictions and it is up to the jurisdiction receiving the funds to determine how to spend them. We have not budgeted the monies received to date.

To assist you in deciding what to do with these funds, I have collected data on 9 of the 11 Oregon Counties in which voters approved a local tax in November of 2017 and the five Lincoln County Cities where voters also approved a new local tax. The results are compiled in the attached spreadsheet and summarized below:

7 of the 9 Counties placed no restrictions on the funds, which go to the general fund to be used as determined in the budget process. Of those 7, one, Coos County, is currently looking at funding a specific law enforcement proposal with the funding.

2 of the 9 Counties have voter established restrictions on how the funds can be used: for code enforcement, law enforcement, addiction treatment and related public health and safety needs (Clackamas County); and public health, education and treatment related to marijuana and marijuana products, and public safety (Josephine County).

Each of the five Lincoln City Cities (Waldport, Yachats, Depoe Bay, Lincoln City and Newport) that approved a local tax do not dedicate the proceeds to any specific use (i.e. no restrictions).

Also attached is an Oregon Department of Revenue handout on the current Marijuana Tax system, and an article from the Oregonian/OregonLive on statewide tax payouts.

Marijuana Tax Utilization

City or County	Tax	State or Local Collection	Utilization
Clackamas County	3%	state	Proceeds used for code enforcement, law enforcement, addiction treatment, and related public health and safety needs.
Marion County*	3%	state	Tax adopted, but recreational marijuana prohibited under separate measure at same election.
Columbia County	3%	state	Proceeds not dedicated. Go to general fund.
Curry County	3%	state	Proceeds not dedicated. Go to general fund.
Tillamook County	3%	state	Proceeds not dedicated. Go to general fund.
Josephine County	3%	state	Proceeds used for public health, education and treatment related to marijuana and marijuana products, and public safety.
Coos County	3%	state	Proceeds not dedicated. Go to general fund. Specific law enforcement proposal may receive funding.
Jackson County	3%	local	Proceeds not dedicated. Go to general fund.
Lincoln County	3%	state	Proceeds not dedicated. Go to general fund.
Cities of Yachats, Newport, Lincoln City, Depoe Bay and Waldport	3%		Proceeds not dedicated. Go to general fund.

\* If Marion County received taxes, there were no strings attached.

# Marijuana Tax



[www.oregon.gov/dor/news](http://www.oregon.gov/dor/news)

## **An overview of Oregon's recreational marijuana taxes**

- The state tax rate is 17 percent.
- Municipalities can enact an additional tax of up to 3 percent with the approval of voters.
- Only retailers licensed by the Oregon Liquor Control Commission (OLCC) can sell recreational marijuana.
- Our rules require monthly payments. Payments are due on the last day of each month for retail sales from the previous month. For example, the tax for January's sales is due by February 28.
- Payments are accepted by check, money order, cashier's check, bank account transfer, credit or debit card, or cash. Cash payments are by appointment only at the Revenue building in Salem only.
- Taxpayers can keep 2 percent of the state tax to cover their administrative costs.
- Returns are due on the last day of the month following the quarter's end (January 31, April 30, July 31, October 31).
- Returns are only accepted electronically through Revenue Online at [www.oregon.gov/dor](http://www.oregon.gov/dor).

## **Revenue disbursement**

State marijuana tax revenues—minus tax program administration costs—will be distributed quarterly as follows:

- 40 percent for education.
- 20 percent for purposes for which moneys in the Mental Health Alcoholism and Drug Services Account may be used.
- 15 percent for state law enforcement.
- 10 percent to cities, based on population and number of licensees.\*
- 10 percent to counties, based on total available grow canopy size and number of licensees.\*
- 5 percent for alcohol and drug abuse prevention, early intervention, and treatment services.

\*All marijuana tax revenue collected prior to July 1, 2017 allotted to cities and counties will be distributed based on population.

## **Information on local taxes**

In November 2016, voters in some municipalities approved local marijuana taxes of 3 percent. Many of those municipalities decided to have us collect those taxes on their behalf. A list of those municipalities is available on our website.

**Starting in with February's payment for taxes collected in January:** Businesses located in municipalities where we're responsible for the collection of the tax will include both state and local taxes in their monthly payment. Businesses located in a municipality that's collecting its own taxes should contact the municipality to find out how to file and pay their local taxes. They're still required to make monthly payments and quarterly filings to the Department of Revenue for their state taxes, regardless of how the local tax is being administered.

For more information on marijuana taxes, visit [www.oregon.gov/dor/marijuana](http://www.oregon.gov/dor/marijuana).

# Oregon pays out \$85 million in pot taxes to school fund, cops, other services

Posted October 06, 2017 at 02:25 PM | Updated October 11, 2017 at 12:17 PM

**By Noelle Crombie**  
**The Oregonian | OregonLive**

The checks are in the mail.

That's the message the Oregon Department of Revenue sent Friday when it announced it will pay out \$85 million in marijuana taxes for schools, public health, police and local governments by next week.

The payouts represent the first distributions of state marijuana tax revenues since Oregon opened its legal recreational cannabis market.

Oregon collected a total of \$108.6 million in state and local taxes between Jan. 4, 2016, and Aug. 31, 2017. The state put \$9.56 million toward the Oregon Liquor Control Commission's "start-up costs" for regulating the industry and toward the Department of Revenue's work to collect the taxes.

The rest was divvied up according to a formula spelled out by law: The state school fund gets 40 percent, or \$34 million; mental health, alcoholism and drug services get 20 percent, or \$17 million; Oregon State Police get 15 percent, or \$12.75 million, and the Oregon Health Authority gets 5 percent, which comes to \$4.25 million.

Anthony Johnson, the chief petitioner of Measure 91, which legalized recreational cannabis sales in Oregon, said the amount of tax revenue exceeded supporters' early projections. He hopes the idea of marijuana taxes flowing into schools and public health and safety spur other states to legalize marijuana, he said.

"I am glad to hear that the revenue is finally being distributed," Johnson said. "This is what the voters intended. It shows that legalizing and regulating cannabis can help generate revenue for important governmental services."

The largest share goes toward schools. The ballot measure said tax revenue would go to the Common School Fund, an endowment or trust fund of sorts for K-12 schools that makes distributions to districts twice a year.

Lawmakers this year voted to move marijuana tax revenue to the State School Fund, which flows directly to school districts for costs such as teachers and textbooks.

The fund has a budget of \$8.2 billion for the biennium, the vast majority of which is made up of general fund and lottery dollars.

Morgan Allen, deputy director of the Confederation of Oregon School Administrators, said school officials are pleased with the change.

"That money is much more effectively impacting schools and students in a positive way by going into the state school fund," he said.

Otto Schell, legislative director for Oregon PTA, said while voters often assume marijuana tax revenue is providing major funding for schools, the reality is that it's among the "tiny fixes" the state has come up with to solve a major problem.

To put the amount of pot taxes headed to schools in context, Schell said it's important to keep in mind how much it costs to operate the state's K12 system: roughly \$30 million a day.

"We keep using Band-Aids to fix something that is a systemic problem and challenge," he said.

A spokesman for the Oregon Health Authority said Friday that marijuana tax revenue will replace general fund dollars spent on existing programs, such as outpatient treatment, housing, transportation and detox.

About \$1 million will be spent on drug and alcohol abuse prevention, the state's youth marijuana prevention campaign and drug and alcohol use data collection.

Local governments may get marijuana tax revenue in two ways: Many levy their own sales tax or they are home to marijuana businesses, making them eligible for a slice of the revenue from the 17 percent state tax on pot sales.

Ninety-five Oregon local governments impose a local sales tax of up to 3 percent; the Department of Revenue collects those taxes on behalf of 71 local communities, including Portland.

In the first quarter of this year, the state collected \$1.2 million in local sales taxes.

Scott Winkels, a lobbyist for the League of Oregon Cities, said pot tax dollars are welcome but dwarfed by revenue generated by local liquor sales.

"It's helpful, don't get me wrong," he said. "But we aren't going to smoke our way to fiscal bliss."

Things get a little tricky when it comes to how the state divvies up the state tax.

The Department of Revenue operates under two formulas, one for taxes collected before July 1 and another for after that date. All cities and counties get a portion of taxes collected under the pre-July 1 formula, even if they don't allow legal cannabis businesses.

How much a community gets under this formula is based on how many people live there. After that date, however, if a city or county doesn't allow all types of marijuana licenses, such as producer, processor, wholesaler and retailer, they aren't eligible for any of the tax dollars generated from sales.

Those that do allow all types of legal cannabis businesses get a slice of the revenue based on their population and the number of licenses they have in their communities.

The amount that the eligible counties receive also is based in part on the size of their cannabis production area, known as canopy size, in addition to the number of marijuana processor, retailer and wholesale licenses within their borders.

If a county doesn't allow wholesalers or retailers, they're not eligible for the portion of tax revenue based on licenses. Likewise, if they don't allow production, they aren't eligible for the portion based on canopy size.

State revenue officials said they're still calculating how much cities and counties will get under the two formulas.

Joy Krawczyk, a spokeswoman for the agency, said tax revenue information will be released by region instead of by city and county to protect the identity of marijuana businesses, though local governments will have to report how much they got in marijuana sales taxes come budget time.

Ryan Crow, 35, of Portland, was pleased to hear pot taxes are trickling down to schools and other government services.

"I think it's good," said Crow, stepping into Kaleafa Cannabis Co. on Southeast Woodstock Boulevard in Portland. "That's where it should be going."

-- Noelle Crombie

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<i>Company</i>	<i>Project</i>	<i>Request</i>	<i>Total Points</i>	<i>Recommend Amount</i>
12. Northwest Oregon Works	Lincoln Hospitality Workforce Training	\$15,000	202	\$15,000
14. Oregon Coast Aquarium	Capital campaign	\$15,000	191	\$15,000
11. Northwest Coastal Housing	Coastal Ridge Apartment Project	\$15,000	182	\$15,000
8. Friends of Yachats Library	Yachats Library Move Adjacent to US Hwy 101	\$15,000	177	\$15,000
16. Siletz Bay Music Festival	Taft 7-12 High Community Theatre Improvement	\$15,000	165	\$15,000
18. Small Business Development Center	Digital Media & Marketing Studio-Newport	\$13,904	164	\$13,904
10. North Lincoln Hospital Foundation	North Lincoln Hospital Emergency Dept. patient lifts	\$14,918	160	\$14,918
7. Friends of Lincoln County Animals	Pick of the Litter, new property improvements	\$7,000	159	
4. Central Coast Chorale, Inc.	Voices from the Coast	\$1,000	148	
6. Greater Toledo Pool Recreation District	Conceptual Design Study/Master Plan for Pool Reno	\$13,250	148	
1. American Cetacean Society	ACS Whale Trail Interpretive Sign	\$2,000	144	
2. City of Waldport	Crestline Park Disc Golf Course	\$6,000	144	
13. Olalla Center for Children and Families	Day Treatment Improvement Projects	\$15,000	132	
9. Lincoln City Chamber of Commerce	Sign and Building Improvements	\$5,000	123	
15. Panther Creek Senior & Community Ctr	New Floor Covering	\$13,500	119	
3. Concerned Citizens for Clean Air (CCCA)	Pollinator Habitat Corridor	\$15,000	113	
17. Siletz Rural Fire Protection District	Siletz Fire Classroom Update	\$7,576	110	
5. Eddyville Charter School	Eddyville Charter School Disaster Relief	\$12,798	103	
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	<b>Total requested</b>	<b>\$201,946</b>	0	103,822.00
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