

TOWN OF PARACHUTE, COLORADO
ORDINANCE NO.806-2023

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF PARACHUTE, COLORADO, AMENDING CHAPTER 5.70 OF THE PARACHUTE MUNICIPAL CODE RELATED TO EXCISE TAX ON MARIJUANA CULTIVATION

WHEREAS, the Town of Parachute (“Parachute” or the “Town”) is a Colorado home-rule municipality organized under Article XX of the Colorado Constitution and with the authority of the Parachute Home Rule Charter;

WHEREAS, by Ordinance No. 687-2015, the Parachute Town Council approved the submittal to the registered voters of the Town of Parachute, Colorado a ballot question regarding the imposition of a 5% excise tax on the sale or transfer of retail marijuana from a retail marijuana cultivation facility;

WHEREAS, at the November 2, 2015 general election, a majority of the qualified electors of the Town of Parachute voted in favor of such excise tax and the tax has been duly in effect since January 1, 2016;

WHEREAS, by Ordinance No. 701-2016, the Parachute Town Council approved the submittal to the registered voters of the Town of Parachute, Colorado a ballot question regarding the imposition of a 5% excise tax on the sale or transfer of medical marijuana from an optional premises cultivation facility and a 5% excise tax on the sale or transfer of marijuana products from a retail marijuana manufacturing facility or medical marijuana-infused products manufacturer;

WHEREAS, as the November 8, 2016 general election, a majority of the qualified electors of the Town of Parachute voted in favor of such excise taxes and the taxes have been duly in effect since January 1, 2017;

WHEREAS, the Town’s marijuana excises taxes are codified at Chapter 5.70 of the Parachute Municipal Code (the “Code”);

WHEREAS, by Senate Bill 18-259, the Colorado legislature amended C.R.S. § 29-2-114 such that the excise tax authorized to be imposed by municipalities on the first sale or transfer of unprocessed retail marijuana shall be at a rate of up to 5% on the average market rate of unprocessed retail marijuana if the transaction is between affiliated retail marijuana business licensees and up to 5% on the contract price if the transaction is between unaffiliated retail marijuana business licensees;

WHEREAS, to comply with Colorado statute and to ensure fairness to marijuana businesses in Parachute, the Town wishes to amend its excise tax such that it applies to the contract price between unaffiliated entities, consistent with state law;

WHEREAS, further, the Town wishes to exempt from the excise tax the transfers of unprocessed retail marijuana between affiliated cultivation facilities located in Town, but apply to

subsequent transfers. The purpose of this exemption is to allow for trimming of cultivated marijuana to occur in a separate facility without invoking the excise tax, but for the tax to then apply when transferred from that facility;

WHEREAS, this Ordinance is authorized by C.R.S. § 29-2-114(2)(a) will not otherwise require voter approval pursuant to Article X, § 20 of the Colorado Constitution; and

WHEREAS, the Town Council of the Town of Parachute finds and declares that it is in the interest of the public health, safety, and welfare to amend the Code as set forth in this Ordinance.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF PARACHUTE, COLORADO THAT:

Section 1. Recitals. The foregoing recitals are incorporated herein as if set forth in full.

Section 2. Excise Tax. The Town Council hereby amends Section 5.70.010 of the Parachute Municipal Code with the following **bold, underlined** additions and ~~strikethrough~~ deletions:

Chapter 5.70
MARIJUANA EXCISE TAX

5.70.010 Tax Imposed.

- A. *Unprocessed Retail Marijuana.* Commencing January 1, 2016, there is hereby imposed an excise tax of five percent (5%) on the average market rate of unprocessed retail marijuana upon the first sale or transfer of such unprocessed retail marijuana from a retail marijuana cultivation facility to a retail marijuana store, retail marijuana product manufacturing facility, other retail marijuana cultivation facility, or any other purchaser or transferee **if the transaction is between affiliated retail marijuana business licensees; and, an excise tax of five percent (5%) on the contract price of unprocessed retail marijuana upon the first sale or transfer of such unprocessed retail marijuana from a retail marijuana cultivation facility to a retail marijuana store, retail marijuana product manufacturing facility, other retail marijuana cultivation facility, or any other purchaser or transferee if the transaction is between unaffiliated retail marijuana business licensees.** As used in this Chapter, the “average market rate” means the amount determined by the State of Colorado pursuant to **C.R.S. § 39-28.8-101-C.R.S., and “contract price” shall have such meaning as set forth in -to-C.R.S. § 39-28.8-101 and 302, as that-such statutes** may be amended. This excise tax was approved by majority vote of registered electors of Parachute on November 2, 2015.

Notwithstanding, this excise tax shall not apply to transfers of unprocessed retail marijuana from a retail marijuana cultivation facility to:

- 1. An affiliated retail marijuana cultivation facility located in the Town of Parachute in accordance with the Colorado Marijuana Rules (1 CCR 212-3); however, the subject excise tax shall then apply to any subsequent sale or transfer from the retail marijuana cultivation facility to a retail marijuana store, retail marijuana product manufacturing facility, affiliated retail marijuana cultivation facility located outside the Town of Parachute, unaffiliated retail marijuana cultivation facility, or any other purchaser or transferee, as set forth above.**
- 2. A retail marijuana cultivation facility located outside the Town of Parachute if such transfer is for the purpose of decontamination in accordance with the Colorado Marijuana Rules (1 CCR 212-3) and such unprocessed retail marijuana is transferred back to the originating retail marijuana cultivation facility located in the Town of Parachute within 30 days. The subject excise tax shall then apply to any subsequent sale or transfer from the retail marijuana cultivation facility to a retail marijuana store, retail marijuana product manufacturing facility, affiliated retail marijuana cultivation facility located outside the Town of Parachute, unaffiliated retail marijuana cultivation facility, or any other purchaser or transferee, as set forth above. In the event the unprocessed retail marijuana is not transferred back to a retail marijuana cultivation facility in the Town within 30 days as provided by this Section, the subject excise tax shall apply to the transfer for the purpose of decontamination contemplated by this Section and at the average market rate of such unprocessed retail marijuana.**

B. *Unprocessed Medical Marijuana.* Commencing January 1, 2017, there is hereby imposed an excise tax of five percent (5%) on **the contract price of** unprocessed medical marijuana upon the first sale or transfer of such unprocessed medical marijuana from an optional premises cultivation operation to a medical marijuana center, medical marijuana-infused products manufacturer, other optional premises cultivation operation, or any other purchaser or transferee. This excise tax was approved by majority vote of registered electors of Parachute on November 8, 2016. **Notwithstanding, this excise tax shall not apply to transfers of such unprocessed medical marijuana from an optional premises cultivation operation to:**

- 1. An affiliated optional premises cultivation operation located in the Town of Parachute in accordance with the Colorado Marijuana Rules (1 CCR 212-3); however, the subject excise tax shall then apply to any subsequent sale or transfer from the optional premises cultivation operation to a medical marijuana center, medical marijuana-infused products manufacturer, affiliated optional premises cultivation operation located outside the Town of Parachute, unaffiliated optional**

premises cultivation operation, or any other purchaser or transferee, as set forth above.

- 2. An optional premises cultivation operation located outside the Town of Parachute if such transfer is for the purpose of decontamination in accordance with the Colorado Marijuana Rules (1 CCR 212-3) and such unprocessed medical marijuana is transferred back to the originating optional premises cultivation operation located in the Town of Parachute within 30 days. The subject excise tax shall then apply to any subsequent sale or transfer from the from the optional premises cultivation operation to a medical marijuana center, medical marijuana-infused products manufacturer, affiliated optional premises cultivation operation located outside the Town of Parachute, unaffiliated optional premises cultivation operation, or any other purchaser or transferee, as set forth above. In the event the unprocessed medical marijuana is not transferred back to an optional premises cultivation operation in the Town within 30 days as provided by this Section, the subject excise tax shall apply to the transfer for the purpose of decontamination contemplated by this Section and at the average market rate of such unprocessed medical marijuana.**

- C. *Manufactured Marijuana Products - Retail.* Commencing January 1, 2017, there is hereby imposed an excise tax of five percent (5%) on **the contract price of** marijuana products manufactured by a retail marijuana product manufacturing facility upon the first sale or transfer of such product from a retail marijuana manufacturing facility to a retail marijuana store, other retail marijuana product manufacturing facility, a retail marijuana cultivation facility, or any other purchaser or transferee. This excise tax was approved by majority vote of registered electors of Parachute on November 8, 2016.
- D. *Manufactured Marijuana Products – Medical.* Commencing January 1, 2017, there is hereby imposed an excise tax of five percent (5%) on **the contract price of** marijuana products manufactured by a medical marijuana-infused products manufacturer upon the first sale or transfer of such product from a medical marijuana-infused products manufacturer to medical marijuana center, other medical marijuana-infused products manufacturer, optional premises cultivation operation, or any other purchaser or transferee. This excise tax was approved by majority vote of registered electors of Parachute on November 8, 2016.

Section 3. Severability. If any provision of this Ordinance is found to be unconstitutional or unlawful, such finding shall only invalidate that part of portion found to violate the law. All other provisions shall be deemed severable and shall continue in full force and effect

INTRODUCED, READ, PASSED, ADOPTED, AND ORDERED PUBLISHED BY TITLE ONLY by a vote of 5 to 0 of the Town Council of the Town of Parachute, Colorado at a regular meeting held at Town Hall in the Town of Parachute, Colorado, on the 16th day of March, 2023 and approved by the Mayor Pro-Tem on the 16th day of March, 2023.



TOWN COUNCIL OF THE TOWN OF PARACHUTE, COLORADO

By:

Claudia Flores-Cruz
Claudia Flores-Cruz, Mayor Pro-Tem

ATTEST:

Lucy Spalenka
Lucy Spalenka, Town Clerk

PUBLIC NOTICE

Public notice is hereby given that an Ordinance entitled:

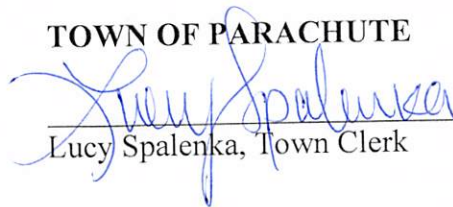
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was introduced before the Town Council on March 14, 2023; that a copy of said Ordinance is posted at Town Hall; and that the Ordinance was approved at a regular meeting of the Town Council held on March 16, 2023, and approved by the Mayor Pro-Tem on March 16, 2023.

Copies of the adopted ordinance are available for inspection at the Town Hall, Parachute, Colorado and available on the internet at <http://www.parachutecolorado.com>.

Dated this 14th day of March, 2023.

TOWN OF PARACHUTE



Lucy Spalenka, Town Clerk