David Torgler, Administrator/Clerk

COMMUNICATION FORM

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FROM: David Torgler, Town Administrator/Clerk
DATE: January 25, 2023
ITEM: Discussion regarding amending the Town's marijuana license fees
ATTACHED: Resolution 2016-010 Setting Marijuana License Fees; Marijuana Operation Fee Structure

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BOARD ACTION: ____ ACTION ITEM
____ DIRECTION REQUESTED
__X INFORMATION

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REQUEST OR ISSUE: Local marijuana cultivation operators have requested that the Town Board consider reducing the annual license fees, last revised in 2016, in response to competition from outdoor cultivation operations.

RECOMMENDED ACTION: Discussion only; seeking direction, no action.

BACKGROUND INFORMATION: In 2016 the Town last updated local license fees charged to all marijuana operations. These fees presently provide approximately 5.5% of the General Fund revenues and significant electric utility funds. The industry provides employment for local residents, with a wide range of employees, income and benefits for each business. Since 2016 there have been legislative changes in the State's cultivation laws, including an allowance for outdoor grow operations. According to local marijuana growers there has been a significant reduction in revenue to indoor cultivation operations due to this change. Local cultivators have made changes to their businesses such as replacing lighting systems with LED lights to reduce electrical utility expenses, and some cultivators have reduced the size of their grow operations. Presently there are three cultivation operations in Oak Creek, three manufactured product operations and one retailer.

FISCAL IMPACTS: To be determined.

LEGAL ISSUES: None known.

CONFLICTS OR ISSUES: None known.

SUMMARY AND ALTERNATIVES: Local cultivation operators are seeking a reduction in license fees saying this is needed to remain in business and retain local jobs. Staff recommends seeking information regarding what other municipalities are charging local cultivation operations, meeting with representatives of local marijuana operations once the data is gathered and then discussing what is requested and what the impact(s) of these requests are to the Town's general fund. Changes to the fees could be implemented in 2024 with a new municipal budget.

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