

Ordinance No. 460-2026

Council Member Starr

AN EMERGENCY ORDINANCE

Allocating 50% of Marijuana Legalization Initiative Revenues received by the City for use by Cleveland City Council; and appropriating these funds to the established Neighborhood Equity Fund to benefit the neighborhoods and residents of Cleveland.

WHEREAS, in November 2023, Ohio voters approved Issue 2, legalizing the possession, sale, and use of recreational marijuana for adults aged twenty-one (21) and over; and

WHEREAS, in the City of Cleveland, approximately seventy-five percent (75%) of voters voted in favor of legalization, according to the Cuyahoga County Board of Elections results, demonstrating clear voter intent; benefits of legalization should be reinvested into local communities; and

WHEREAS, the voter-approved statute, first codified in the Ohio Revised Code (R.C.) Chapter 3780 and now Chapter 3796 after Senate Bill 56 amendments, including former R.C. Section 3780.22 and current Section 3796.40, established a framework for taxation and distribution of revenues generated from adult-use cannabis; and

WHEREAS, said law imposes a ten percent (10%) excise tax on adult-use cannabis sales, in addition to applicable state and local sales taxes; and

WHEREAS, thirty-six percent (36%) of the excise tax revenues are deposited into the Host Community Cannabis Fund, which is distributed to municipal corporations and townships that host adult-use dispensaries based on revenue generated within their jurisdictions; and

WHEREAS, pursuant to R.C. Section 3796.40, effective March 20, 2026, such distributions are made on a recurring basis, including monthly payments; and

WHEREAS, the City of Cleveland has begun receiving such revenues, including initial distributions of \$740,000 in 2025 for an eighteen-month period, and is anticipated to receive ongoing revenue as a host community; and

WHEREAS, R.C. Section 3796.40 authorizes municipalities to use such funds for any lawful public purpose, including but not limited to public safety, public infrastructure, and community programs benefitting the general health, safety or welfare of City residents; and

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WHEREAS, this Council, as the legislative authority closest to residents, is best positioned to direct investments that address neighborhood-level needs, advance equity, and ensure transparent use of public funds; and

WHEREAS, communities disproportionately impacted by prior marijuana enforcement policies should equitably benefit from the revenues generated by legalization; and

WHEREAS, it is the intent of this ordinance to ensure that a defined portion of such revenues is allocated to this Council to support ward-based investment and neighborhood equity initiatives; and

WHEREAS, this Council desires to appropriate 50% of Marijuana Legalization Initiative Revenues to the established Neighborhood Equity Fund to benefit the neighborhoods and residents of Cleveland; and

WHEREAS, for the purposes of this ordinance, “Marijuana Legalization Initiative Revenues” means all funds received by the City of Cleveland derived from the legalization of adult-use marijuana pursuant to Ohio Issue 2 and Ohio Revised Code Chapter 3796, including but not limited to distributions under R.C. 3796.40, excise tax revenues, host community payments, fees, or any other related revenue authorized by state law; and

WHEREAS, this ordinance constitutes an emergency measure providing for the usual daily operation of a municipal department; now, therefore,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF CLEVELAND:

Section 1. That the Marijuana Legalization Initiative Revenues received by the City shall be deposited into the general fund. Beginning in the 2027 budget year, fifty percent (50%) of such funds shall be allocated for use by the Council (City Council Allocation).

Section 2. That the City Council Allocation shall be appropriated to the established Neighborhood Equity Fund, Fund No. SF 10 166. Such funds shall be expended for projects that constitute a proper public purpose benefitting the general

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health, safety or welfare of the residents of the City in accordance with all federal, state, and local laws, rules and regulations.

Section 3. Each ward within the City (currently fifteen [15]) shall be funded equally from the City Council Allocation, allocated pursuant to Section 1 above. Members of Council may identify in writing projects for which they seek funds from the Neighborhood Equity Fund. Project proposals will be submitted to the Council and reviewed by Council staff and the Department of Law to determine that the projects constitute a proper public purpose benefitting the general health, safety or welfare of the residents of the City. All projects will be submitted, reviewed and authorized by separate legislation, in accordance with the process set forth in File No. 715-2025-A, Cleveland Casino Revenue Funds Protocol for Expenditures, attached to Ordinance No. 715-2025, passed July 9, 2025. The Director of Finance shall submit monthly a report to the Clerk indicating all expenditures from the Marijuana Legalization Initiative Revenues, City Council Allocation, to ensure transparency and accountability.

Section 4. That this ordinance is declared to be an emergency measure and, provided it receives the affirmative vote of two-thirds of all the members elected to Council, it shall take effect and be in force immediately upon its passage and approval by the Mayor; otherwise it shall take effect and be in force from and after the earliest period allowed by law.

jho 4-6-2026

FOR: Council Members Starr

