

IMPARTIAL ANALYSIS BY CITY ATTORNEY

MEASURE \_\_\_\_

EXETER CANNABIS BUSINESS REVENUE MEASURE

If approved by the voters, this Measure would adopt a new “Cannabis Business Tax” ordinance authorizing the City Council to impose a general excise tax upon commercial cannabis businesses located within the City of Exeter.

In 2015, the California legislature enacted the “Medical Cannabis Regulation and Safety Act” which established a state licensing framework for medicinal cannabis businesses. In 2016, California voters passed Proposition 64, the “Adult Use of Marijuana Act,” legalizing adult recreational use of cannabis and requiring state regulation of adult recreational cannabis businesses. Both laws allow regulation of cannabis businesses. The Exeter City Council has not adopted ordinances to authorize and regulate adult-use (non-medicinal) cannabis businesses within the City, and desires to have a tax ordinance in place in the event such businesses are authorized.

If approved by the voters, this measure would authorize the City Council to impose a general excise tax on the privilege of conducting a commercial cannabis business within the City, at rates not to exceed \$25 per square foot of commercial cannabis business area (with an allowed additional annual adjustment in the amount of the applicable Consumer Price Index adjustment), or not to exceed the amount of 10% of annual gross receipts per fiscal year. Subject to these maximums, the City Council would be authorized to establish the exact rate(s) by resolution without further voter approval, and to set different rates for different types of businesses.

Measure \_\_\_\_ is a general tax under state law, and, if enacted by a majority vote of the voters, the revenues received from the tax must be placed in the City’s general fund and may be used for any lawful purpose, as directed by the City Council, including but not limited to addressing cannabis industry impacts, maintaining or improving public safety, and the provision of other city services. If this Measure is approved by the voters, Ordinance No. 706 shall be deemed adopted on the date when the final vote is declared by the City Council, and shall go into effect ten days after that date. This Measure was added to the ballot by the City Council and makes no change to existing laws and City regulations but will add to existing laws a citywide ordinance imposing a commercial business tax. If the Measure is not approved by a majority of the votes cast on the measure, the Measure will fail and the tax will not be imposed.

Julia M. Lew, Exeter City Attorney

The above statement is an impartial analysis of Ordinance or Measure \_\_\_\_\_. A copy of the ordinance or the measure may be obtained at no cost from the Office of City Clerk, 100 North C Street, Exeter, 559-592-9244, or on the City’s website at [www.cityofexeter.com](http://www.cityofexeter.com)