

Cannabis Business Tax Ballot Measure

City Council Meeting
June 5, 2018
Carmen Nichols, Deputy City Manager

Council Direction and Approved Tax Table

May 15, 2018 – Council Direction

- Approved a taxation methodology with the following key provisions:
 - A general use tax which will allow the City Council flexibility through budgeting discretion to use any revenue generated where it is most needed.
 - Taxation based on gross receipts to tax the Cannabis Business industry in proportion to revenue generated.
 - Scalable taxation rates to respond to community impacts.
 - Flexible applicability to Cannabis Business license types to allow for future City Council discretion as to licensing and allowed commercial cannabis activities
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Council Direction and Approved Tax Table

Operation	Tax on Gross Receipts
Adult Use Cannabis Retailing*	5%
Medicinal-Use Cannabis Retailing	0%
Manufacturing	2%
Cultivation	4%
Distribution	1%
Testing	0%
Nurseries	1%
Maximum Tax Limit	10%
Maximum Cap for Multiple Operations	10%

*Includes Delivery

Council Direction and Approved Tax Table

- Maximum Cap for Multiple Operations – 10%
 - Includes taxation of Microbusinesses
 - Includes business with primary use and accessory uses (two operations)
- City Council may amend taxation rates by Resolution
 - Cannot exceed the maximum - 10%
- Ballot language written for a general tax
 - General Services Tax – majority of voters
 - Specific Use Tax – 2/3 of voters

Tax Fairness, Transparency and Accountability Act

-If it gets on the ballot and passes, the Act will invalidate all local taxes adopted or increased in 2018, unless they meet 2/3 vote.
-77.95% validated signatures

Projected Revenue Assumptions

- Projected Revenue influenced by
 - Number and type of Cannabis Business Licenses
 - Variance in wholesale prices
 - Productivity/yield of individual plants
 - Other jurisdictions
 - Sales in the City
- Assumptions
 - Industry Trends
 - Population of the City and surrounding areas
 - Trends on other jurisdictions

Tax Revenue Estimates:

Low end:	\$334,000
Middle:	\$707,000
High end:	\$1,423,000

Ballot Measure Language-General Tax

“To improve general city services, such as police and emergency response, parks and youth/senior services, and street repair, shall the City of Goleta adopt an ordinance establishing a cannabis business tax up to a maximum of 10% of gross receipts from the sale of cannabis and related products, whether at wholesale or retail, generating approximately \$334,000-\$1,423,000 for unrestricted general revenue purposes, until ended by voters?”

Direction by City Council

- Consider a draft City Council sponsored Initiative Ordinance, entitled, “An Ordinance of the People of the City of Goleta, California, Adding Chapter 3.08 to Title 3 (Revenue and Finance) of the Goleta Municipal Code Establishing A Tax on Cannabis Businesses Operating Within the City of Goleta;”
- Direct Staff to place a Council-initiated ordinance approving and implementing a Cannabis Business Tax on the November 2018 ballot;
- Direct the City Clerk to forward the Council-initiated Ordinance to the City Attorney for preparation of an Impartial Analysis.
- City Clerk will bring Resolution to consolidate with the County Election (June 19).

Conclusion
