



CITY of CALABASAS

CITY COUNCIL AGENDA REPORT

DATE: DECEMBER 30, 2020

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: RON AHLERS, CHIEF FINANCIAL OFFICER

SUBJECT: ADOPTION OF RESOLUTION NO. 2021-1710 ESTABLISHING
GENERAL BUSINESS LICENSE TAX RATES ON CANNABIS BUSINESS
ACTIVITY

MEETING

DATE: JANUARY 13, 2021

SUMMARY RECOMMENDATION:

Staff recommends the City Council establish the tax rate for the General Business License Tax on Cannabis Business Activity. The attached resolution sets the tax rate at 10%.

BACKGROUND:

On November 8, 2016, the Control, Regulate, & Tax Adult Use of Marijuana Act was approved by California voters with the passage of Proposition 64. The AUMA permits local jurisdictions to regulate and/or ban adult use cannabis cultivation, distribution and delivery, transportation, manufacturing, testing laboratories, dispensaries, and microbusiness facilities.

Thereafter, the State legislature passed the Medicinal and Adult Use Cannabis Regulation & Safety Act, which created a comprehensive state licensing and regulatory framework for the cultivation, manufacturing, testing laboratories, distribution, retail (storefront and non-storefront), and microbusinesses of both adult and medicinal use of cannabis.

No Recommended Change in Existing Prohibition of Cannabis Businesses. Under Business and Professions Code section 26200, part of Prop. 64, the City Council retains the power to decide whether or not to allow commercial cannabis businesses in the City. The City currently prohibits all commercial cannabis businesses. (Calabasas Municipal Code sections 8.13.030 and 17.12.125.) At this time, staff does not recommend that the City Council amend these sections to allow commercial cannabis businesses.

On July 15, 2020, the City Council adopted Resolution 2020-1693 to present to voters at the General Election on November 3, 2020, Measure C, an ordinance imposing a City of Calabasas tax of up to 10% on cannabis businesses, without changing the City's existing prohibition on cannabis dispensaries. This tax could raise up to \$10,000 each year until voters decide otherwise, with additional revenue of up to \$300,000 per dispensary expected if the State or City ever allow cannabis dispensaries to operate in the City. This tax would fund general city services.

On November 3, 2020, Measure C, a Cannabis Business License Tax on Cannabis Business Activity was approved by 61.12% of City voters and Measure C became effective ten days after the certification, by the City Council on December 9, 2020.

DISCUSSION:

Staff recommends the City Council adopt this Resolution to set the Cannabis Business License tax rate at ten (10%) percent of gross revenues, as defined in Measure C.

FISCAL IMPACT/SOURCE OF FUNDING:

Potential General Fund revenue of \$10,000 annually and up to \$300,000 per dispensary expected if the State or City ever allow cannabis dispensaries to operate in the City.

REQUESTED ACTION:

City Council adopt the attached Resolution establishing the Cannabis Tax rate at 10%.

ATTACHMENT:

Resolution No. 2021-1710