

IMPARTIAL ANALYSIS OF MEASURE B-18

This measure is placed on the ballot by the Board of Supervisors (“the Board”) of the County of San Luis Obispo, and will determine whether an ordinance imposing a tax on commercial cannabis business activities within the unincorporated area of the county shall be enacted by approval of a majority vote of the qualified electors of the county voting on the measure.

In November 2017, the Board enacted a cannabis ordinance, establishing comprehensive regulations upon cannabis activities in the unincorporated area of the county. At the same time, the Board also enacted an ordinance requiring the issuance of a license before any cannabis business may operate within the unincorporated area of the county.

The Board has determined that commercial cannabis business activities within the county will necessarily impact code enforcement, law enforcement, policy development, public health and education, and environmental clean-up. Costs associated with these services may not be fully funded through the collection of business license fees. The Board has determined that an additional funding source will be needed in order to address the risks and adverse impacts of legalized cannabis within the county while also maintaining existing general government services funded through the county’s general fund. Therefore, pursuant to the authority provided by California Revenue and Taxation Code section 7284, the

Board proposes, through the approval of this measure, that an ordinance be enacted providing for a general purpose tax to be imposed annually on all commercial cannabis business activities within the unincorporated area of the county.

If approved, effective July 1, 2018, through June 30, 2020, the initial tax rate shall be set at 4% of gross receipts per fiscal year of each commercial cannabis business operating within the unincorporated area of the county, and shall increase annually thereafter, commencing July 1, 2020, in 2% increments not to exceed 10% per fiscal year. In any year after the tax is approved and imposed, the Board, by three-fifths vote, may maintain the tax rate without any increase or reduce the rate for the next succeeding fiscal year. In addition, the Board may establish varying tax rates for different categories of cannabis businesses, subject to the maximum 10% tax rate on gross receipts. The proposed ordinance defines "gross receipts" to mean the total amount actually received or receivable from all sales, and the total amount or compensation actually received or receivable for the performance of any act or service for which a charge is made or credit allowed. Testing laboratories are exempt from the tax. The measure imposes penalties and interest for the failure or refusal to pay any tax required by the ordinance.

In accordance with Article XIII C, section 2(b) of the California Constitution and California Government Code section 53723, the imposition of the proposed tax

must be approved by a majority vote of the electors of the county voting on the measure. If the tax is approved, revenue derived from the tax will be deposited into the county's general fund and may be used for general governmental purposes.

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