



Douglas T. Sloan
City Attorney

August 6, 2018

VIA HAND DELIVERY AND EMAIL – Clerk-Elections@fresnocountyca.gov

Brandi L. Orth
Fresno County Clerk
2221 Kern Street
Fresno, California 93721

Re: City Attorney's Impartial Analysis – Cannabis Business License Tax Ordinance

Madam Clerk:

The impartial analysis for the ballot measure relating to a proposed Cannabis Business License Tax Ordinance set for the November 6, 2018, regular municipal elections is provided below.

IMPARTIAL ANALYSIS

Measure __ has been placed on the ballot by the City Council of the City of Fresno (City). If approved by voters, the measure would authorize a new Cannabis Business License Tax (Tax) of: (1) up to \$12 per canopy square-foot for cannabis cultivation; and (2) up to 10% of gross receipts for medical dispensaries and all other cannabis businesses in the City. This measure would establish maximum tax rates for commercial cannabis business operations, with operative tax rates to be set by the City Council. Any increase to maximum tax rates would require further voter approval. The measure would adopt regulations for reporting and remission of the Tax, penalties for late payment, authority of the City to conduct audits of cannabis businesses, and an appeal procedure for disputes regarding tax assessments. The measure would also create a nine-member Community Benefit Commission appointed by the Mayor and Councilmembers to provide input on expending a portion of tax proceeds.

Currently, the Fresno Municipal Code does not allow commercial cannabis businesses, except laboratory testing facilities under limited circumstances, to operate within City limits. The Tax would not change this. This measure would create a specific mechanism for taxing any commercial cannabis businesses authorized to operate in the City in the future. If approved, the Tax would apply to any business activity involving cultivating, manufacturing, processing, storing, laboratory testing, labeling, packaging, transporting, distributing, delivering, or sale of cannabis or cannabis products within the City. The Tax would not apply to the legal cultivation of cannabis for personal use allowed under state law.

If enacted by the voters, Measure __ would raise revenue for specific and general governmental purposes and not for the specific purpose of regulating cannabis

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businesses. The City has estimated that the taxes proposed by Measure ___ would raise up to \$10 million annually. Ten percent of tax proceeds would fund a Community Benefit Fund which would be allocated with input from the Community Benefit Commission. Ninety percent of the proceeds would fund vital city services, including combating gangs, drug abuse, human trafficking, and homelessness, as well as fund police, fire, roads, and parks.

The Tax would continue until repealed by the voters or by the City Council.

DOUGLAS T. SLOAN
City Attorney

The above statement is an impartial analysis of Measure ____. If you desire a copy of the measure, please call the Fresno County Clerk's Office at 559-600-3011 or the City of Fresno Clerk's Office at 559-621-7650, and a copy will be mailed at no cost to you.

DTS:RSB:cm [81326cm/dts]

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