

JUL 25 2018

**IMPARTIAL ANALYSIS BY CITY ATTORNEY  
City of San Carlos- Measure \_\_\_\_  
(Cannabis Business Tax Amendment to Chapter 8.09 of the Municipal Code)**

**CITY OF SAN CARLOS  
CITY CLERK'S DEPARTMENT**

If approved by the voters, Measure \_\_ would adopt an ordinance that would amend San Carlos Municipal Code Chapter 8.09 to enact an excise tax on cannabis businesses of up to 10% of each cannabis business's gross receipts, with the funds to be deposited in the City's general fund and be used for unrestricted general revenue purposes.

Under this proposed measure, permitted cannabis businesses could be taxed at the rate of up to 10% for each one dollar of a cannabis businesses gross receipts. This tax may be decreased or increased up to the 10% maximum rate, without a new vote by the City's electorate. The proposed Cannabis Business Tax is a general tax, and therefore the revenues from the tax would be placed in the City's general fund and used for unrestricted general revenue purposes as required by law.

Cannabis businesses are defined as those cultivating, transporting, dispensing, manufacturing, producing, processing, preparing, storing, testing, providing, donating, selling, or distributing cannabis or cannabis products by commercial cannabis businesses in the City. Measure \_\_ does not permit any cannabis business. Before commencing operations, a cannabis business must apply for a commercial cannabis business permit under Chapter 8.09 of the City Municipal Code and obtain a conditional use permit for the specific business location from the Planning Division, in compliance with the zoning ordinance under Chapter 18 of the City Municipal Code.

Currently there are no cannabis businesses legally operating in the City of San Carlos. If Measure \_\_ were approved, it is anticipated that a business that received both a commercial cannabis permit and the separately required conditional use permit would generate approximately \$200,000 in tax revenue annually.

Measure \_\_ does not change, amend or affect the city zoning ordinance, which specifically does not allow retail cannabis businesses in the City of San Carlos. The proposed cannabis business tax will only be imposed on permitted cannabis businesses and will not be imposed on patients or persons who purchase or acquire cannabis for personal use.

The proposed Cannabis Business Tax is a general tax with the funds to be deposited in the City's general fund used for unrestricted general revenue purposes. To be approved the voters must adopt Measure \_\_ by a majority (greater than fifty percent (50%)) vote.

A "yes" vote is a vote to adopt the Cannabis Business Tax.

A "no" vote is a vote against adopting the Cannabis Business Tax and there would be no excise tax imposed on cannabis businesses.

This measure was placed on the ballot by resolution of the City Council and is hereby submitted to the Elections Official in conformance with Section 9280 of the California Elections Code.

Dated: August 17, 2018



Gregory J. Rubens  
City Attorney, City of San Carlos