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NB-24

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August 2, 2016

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

1. Receive and file a Medical Marijuana Initiative-Analysis report from the City Manager regarding the proposed initiative petition entitled Regulation of Medical Marijuana Businesses;
2. Adopt a Resolution calling for the placement of a voter-petition initiative measure on the ballot for the November 8, 2016 special election to repeal the City's ban on medical marijuana businesses; adopt new regulations to permit and regulate medical marijuana businesses; to repeal the City's current recreational marijuana business license tax; and to reduce the City's current rate of medical marijuana business license taxes;
3. Adopt a Resolution providing for the filing of primary and rebuttal arguments and setting rules for the filing of written arguments regarding the voter-petition initiative measure to be submitted at the November 8, 2016 special municipal election;
4. Adopt a Resolution calling for the placement of a tax measure on the ballot for the November 8, 2016 special election to amend and update the City's existing marijuana business license tax;
5. Adopt a Resolution providing for the filing of primary and rebuttal arguments and setting rules for the filing of written arguments regarding a City tax measure to be submitted at the November 8, 2016 special municipal election;
6. Adopt a Resolution requesting the Board of Supervisors of the County of Los Angeles to authorize and order the consolidation of a citywide special municipal election with the statewide general election to be held on November 8, 2016, and determining and declaring that the City will pay to the County reasonable and actual expenses incurred by the County on account of the consolidation of this election; and

7. Adopt a Resolution requesting the Board of Supervisors of the County of Los Angeles to render specified services to the City relating to the conduct of a special municipal election to be held on November 8, 2016.

DISCUSSION

On July 12, 2016, the City Council voted to receive and file the City Clerk certification of the petition regarding the Regulation of Medical Marijuana Businesses. In addition, the City Council voted to submit the Regulation of Medical Marijuana Businesses proposed initiative ordinance, without alteration, to a vote of the electorate on Tuesday, November 8, 2016. Further, the City Council requested that the City Manager prepare a report regarding the impacts of the proposed initiative.

On July 19, 2016, the City Council voted to request the City Attorney to prepare a ballot initiative to amend and update the City's existing Marijuana Business License Tax for a vote of the electorate on Tuesday, November 8, 2016.

Pursuant to Proposition 218 (California Constitution, Article XIIC, Section 2(b)) any measure proposing to impose a new general tax, or increase or extend an existing general tax must be consolidated with a regularly scheduled election for members of the City Council, unless the City Council makes certain emergency findings by unanimous vote to place the measure on a special election at another date. Therefore, based upon the California Constitution, in order for the City Council to place the attached Marijuana Business License Tax, as a general tax, on the ballot in November of 2016, the City Council must, by unanimous vote, make certain emergency findings as identified in the attached Resolution. Emergency findings are not required to place a special tax on the November 8, 2016 ballot.

As requested by the City Council, the proposed Marijuana Business License Tax measure establishes a gross receipts tax of 6% on medical marijuana dispensaries and delegates authority to increase that tax to a maximum rate of 8% by a majority vote of the City Council; establishes a gross receipts tax of 8% on the non-medical sale of marijuana for adult use and delegates authority to increase that tax to a maximum rate of 12% by a majority vote of the City Council; establishes a gross receipts tax of 6% on any business located in Long Beach that engages in manufacturing, testing, processing, distributing, packaging or labeling of marijuana products (medical or non-medical) for wholesale to other retail marijuana businesses that will sell those products to customers and delegates authority to increase that tax to a maximum rate of 8% by a majority vote of the City Council; and establishes a tax of \$12 per square foot of space dedicated to the cultivation of marijuana (canopy area), and delegates authority to increase that tax to a maximum rate of \$15 per square foot by majority vote of the City Council. In addition this per square foot tax

will be subject to a Consumer Price Index (CPI) increase. The proposed Marijuana Business License Tax does conflict with the tax provisions or sections of the Kelton initiative regarding the Regulation of Medical Marijuana Businesses but does not conflict or challenge the other sections of the Kelton initiative that qualified for the ballot through signature gathering.

TIMING CONSIDERATIONS

Adoption of the recommended actions will facilitate the timely filing of the proposed initiative ordinance and the City Council Marijuana Business License Tax ordinance with the Los Angeles County Registrar-Recorder/County Clerk and the appointment of argument writers as required by the Long Beach Municipal Code.

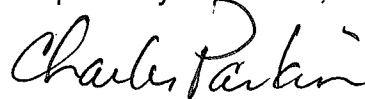
FISCAL IMPACT

The City Clerk has estimated the cost to consolidate the foregoing measures on the Statewide General Election ballot to be approximately \$538,000.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CHARLES PARKIN
City Attorney

CP:kjm

A16-01453

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Attachments

1 RESOLUTION NO.

2
3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH, CALIFORNIA, REQUESTING THE
5 BOARD OF SUPERVISORS OF THE COUNTY OF LOS
6 ANGELES TO AUTHORIZE AND ORDER THE
7 CONSOLIDATION OF A CITYWIDE SPECIAL MUNICIPAL
8 ELECTION WITH THE STATEWIDE GENERAL ELECTION
9 TO BE HELD ON NOVEMBER 8, 2016, AND DETERMINING
10 AND DECLARING THAT THE CITY WILL PAY TO THE
11 COUNTY REASONABLE AND ACTUAL EXPENSES
12 INCURRED BY THE COUNTY ON ACCOUNT OF THE
13 CONSOLIDATION OF THIS ELECTION
14

15 WHEREAS, the City Council of the City of Long Beach has called a Special
16 Municipal Election pursuant to Elections Code 9215(b) to be held on November 8, 2016;
17 and

18 WHEREAS, it is desirable that this Special Municipal Election be
19 consolidated with the statewide General Election to be held on the same date and that
20 the precincts, polling places and election officers for all the elections be the same within
21 the City and that the Board of Supervisors canvass the returns of this Special Municipal
22 Election and that the statewide General Election and the Special Municipal Election be
23 held in all respects as if there were only one election;

24 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
25 follows:

26 Section 1. On August 2, 2016, the City Council of the City of Long Beach
27 ordered to be held a Special Election on November 8, 2016, for the purpose of submitting
28 to a vote of qualified electors the following propositions:

1 A. Long Beach taxation measure to amend and update the City's
2 existing marijuana business license tax; and

3 B. Initiative ordinance to regulate medical marijuana businesses.

4 Section 2. That the Board of Supervisors of the County of Los Angeles is
5 requested to authorize and order the consolidation of the Special Municipal Election with
6 the statewide General Election to be held in the State of California on November 8, 2016,
7 according to the provisions of the Elections Code of the State of California; and the Board
8 of Supervisors is authorized and further requested by the City Council to canvass the
9 returns of the Special Municipal Election or to cause the returns to be canvassed by the
10 Registrar-Recorder/County Clerk, all as prescribed in the Elections Code.

11 Section 3. The City Council determines and declares that the City will
12 pay to the County the reasonable and actual expenses incurred by the County by the
13 consolidation of the Special Municipal Election with the statewide General Election. The
14 City Manager of the City of Long Beach is authorized and directed to pay for the
15 expenses incurred after receiving a statement from the County of Los Angeles.

16 Section 4. That the City Clerk is authorized and directed to transmit a
17 certified copy of this resolution to the Board of Supervisors of the County of Los Angeles
18 and the Registrar-Recorder/County Clerk , along with a copy of the resolution calling the
19 Special Municipal Election.

20 Section 5. This resolution shall take effect immediately upon its adoption
21 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

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I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of _____, 2016 by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk