



OFFICE OF THE CITY ATTORNEY
Long Beach, California

NB-24

CHARLES PARKIN
City Attorney

MICHAEL J. MAIS
Assistant City Attorney

MONTE H. MACHIT
Assistant City Attorney

PRINCIPAL DEPUTIES

Gary J. Anderson
Dominic Holzhaus
Anne C. Lattime

DEPUTIES

C. Geoffrey Allred
Richard F. Anthony
William R. Baerg
Kendra L. Carney
LaTasha N. Corry
Charles M. Gale
Haleh R. Jenkins
Michele L. Levinson
Barbara J. McTigue
Lauren E. Misajon
Howard D. Russell
Arturo D. Sanchez
Linda T. Vu
Amy R. Webber
Theodore B. Zinger

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

Honorable Mayor and City Council
August 2, 2016
Page 3

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.

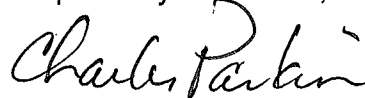
FISCAL IMPACT

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
I:\apps\ctylaw32\wpdocs\d026\p024\00650554.docx
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 RENDER SPECIFIED SERVICES TO THE
7 CITY RELATING TO THE CONDUCT OF A SPECIAL
8 MUNICIPAL ELECTION TO BE HELD ON NOVEMBER 8,
9 2016
10

11 WHEREAS, a Special Municipal Election is to be held in the City of Long
12 Beach, California on November 8, 2016; and

13 WHEREAS, in the course of conduct of these elections, it will be necessary
14 to mail sample ballots and polling place information to the registered voters of the City,
15 and it will facilitate such mailing if the Registrar-Recorder/County Clerk of the County of
16 Los Angeles will make available to the City the computer record of the names and
17 addresses of all eligible registered voters in order that labels may be printed for attaching
18 to self-mailer sample ballot pamphlets; and

19 WHEREAS, all necessary expenses in performing this service shall be paid
20 by the City of Long Beach;

21 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
22 follows:

23 Section 1. That pursuant to the provisions of Section 10002 of the
24 Elections Code of the State of California, the City Council requests the Board of
25 Supervisors of the County to permit the Registrar-Recorder/County Clerk to provide all
26 services necessary for the lawful and effective conduct of the special election to be held
27 on November 8, 2016, and make available to the City additional assistance according to
28 state law.

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
333 West Ocean Boulevard, 11th Floor
Lana Beach, CA 90802-4664

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Section 2. That the City shall reimburse the County for services performed when the work is completed and upon presentation to the City of a properly approved bill.

Section 3. That the City Clerk is hereby directed to forward without delay to the Board of Supervisors and to the Registrar-Recorder/County Clerk, each a certified copy of this resolution.

Section 4. This resolution shall take effect immediately upon its adoption by the City Council, and the City Clerk shall certify the vote adopting this resolution.

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