



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.

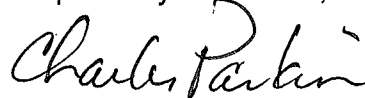
#### FISCAL IMPACT

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 PROVIDING FOR THE FILING OF  
5 PRIMARY AND REBUTTAL ARGUMENTS AND SETTING  
6 RULES FOR THE FILING OF WRITTEN ARGUMENTS  
7 REGARDING A CITY MEASURE TO BE SUBMITTED AT  
8 THE NOVEMBER 8, 2016 SPECIAL MUNICIPAL  
9 ELECTION

10  
11 WHEREAS, a Special Municipal Election is to be held in the City of Long  
12 Beach, California on November 8, 2016, at which there will be submitted to the voters the  
13 following measure:

<p>14</p> <p>15 "LONG BEACH MARIJUANA TAXATION MEASURE</p> <p>16 To fund public health and safety services, marijuana regulation, 17 enforcement, and general City services, shall Long Beach 18 update gross receipts tax rates between 6-8% for medical 19 marijuana dispensaries, 8-12% for nonmedical marijuana 20 dispensaries, 6-8% for processing, distributing, transporting or 21 testing marijuana/related products and a square foot tax between \$12-15 for marijuana cultivation, raising approximately \$13 million annually, requiring annual expenditure reports, until ended by voters?"</p>	<p>YES</p>
	<p>NO</p>

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

25 Section 1. Primary Arguments. That the City Council authorizes (i) the  
26 City Council or any member(s) of the City Council, (ii) any individual voter eligible to vote  
27 on the above measure, (iii) a bona fide association of such citizens or (iv) any  
28 combination of voters and associations, to file a written argument in favor of or against

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

1 the City measure, accompanied by the printed name(s) and signature(s) of the author(s)  
2 submitting it, in accordance with Article 4, Chapter 3, Division 9 of the Elections Code of  
3 the State of California, and to change the argument until and including the date fixed  
4 below by the City Clerk, after which no arguments for or against the City measure may be  
5 submitted to the City Clerk.

6 Section 2. Pursuant to Long Beach Municipal Code Section 1.24.020,  
7 the Mayor, with the approval of the City Council, may designate a person, or association  
8 of persons, to write arguments either for or against or both for and against the adoption of  
9 any measure or proposition placed on the ballot.

10 Section 3. The deadline to submit arguments for or against the City  
11 Measure pursuant to this Resolution is declared by the City Clerk to be Friday, August  
12 19, 2016, at 5:00 p.m. Each argument shall not exceed three hundred (300) words and  
13 shall be filed with the City Clerk, signed, and include the printed name(s) and signature(s)  
14 of the author(s) submitting it, or if submitted on behalf of an organization, the name of the  
15 organization, and the printed name and signature of at least one of its principal officers  
16 who is the author of the argument.

17 Section 4. Rebuttal Arguments. Pursuant to Section 9285 of the  
18 Elections Code of the State of California, when the City Clerk has selected the primary  
19 arguments for and against the City Measure which will be printed and distributed to the  
20 voters, the Clerk shall send copies of the primary argument in favor of the Measure to the  
21 authors of the primary argument against, and copies of the primary argument against to  
22 the authors of the primary argument in favor. The authors or persons designated by  
23 them may prepare and submit rebuttal arguments not exceeding two hundred fifty (250)  
24 words. The rebuttal arguments shall be filed with the City Clerk not later than Monday,  
25 August 29, 2016 at 5:00 p.m. Rebuttal arguments shall be printed in the same manner  
26 as the primary arguments. Each rebuttal argument shall immediately follow the primary  
27 argument which it seeks to rebut.

28 Section 5. Prior Resolutions. That all previous resolutions providing for

