



OFFICE OF THE CITY ATTORNEY
Long Beach, California

R-13

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October 11, 2016

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt Resolution of the City Council of the City of Long Beach expressing its intent to prioritize spending of Marijuana Business License Tax revenue for specific purposes.

DISCUSSION

Pursuant to your request of August 2, 2016, this office has prepared and submits the above-described resolution for your consideration.

SUGGESTED ACTION:

Approve recommendation.

Very truly yours,

CHARLES PARKIN, City Attorney

By

MONICA J. KILAITA
Deputy City Attorney

1 RESOLUTION NO.

2
3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH EXPRESSING ITS INTENT TO
5 PRIORITIZE SPENDING OF MARIJUANA BUSINESS
6 LICENSE TAX REVENUE FOR SPECIFIC PURPOSES
7

8 WHEREAS, on August 2, 2016, the City Council of the City of Long Beach
9 called for the placement of a General Tax Measure on the Ballot for the November 8,
10 2016, Special Election to amend and update the City's existing marijuana business
11 license tax (hereinafter referred to as "Marijuana Business License Tax"); and

12 WHEREAS, the Marijuana Business License Tax would repeal the
13 recreational marijuana business license taxes currently set forth in the Long Beach
14 Municipal Code ("LBMC") Section 3.80.260, and would amend and update the City's
15 existing marijuana business license taxes under LBMC Section 3.80.261 to apply gross
16 receipts tax rates between 6-8% for medical marijuana dispensaries, 8-12% for
17 nonmedical marijuana dispensaries, 6-8% for processing, distributing, transporting or
18 testing marijuana and marijuana-related products, and a square foot tax between \$12-15
19 for marijuana cultivation, raising approximately \$13 million annually, requiring annual
20 expenditure reports, until ended by voters; and

21 WHEREAS, pursuant to the proposed Marijuana Business License Tax, the
22 tax is a general tax enacted solely to raise revenue for the general governmental
23 purposes of the City and all of the proceeds from the tax shall be placed in the City's
24 general fund and used for the usual current expenses of the City; and

25 WHEREAS, the general fund pays for important City services such as
26 police, fire and paramedic services, street operations and maintenance, community
27 center and recreations services, and general municipal services to the public; and

28 WHEREAS, the City Council desires to adopt this resolution expressing its

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1 intent, if the Marijuana Business License Tax is enacted by the voters, to commit to
2 spend tax revenue for various purposes, with priorities as identified herein;

3 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
4 follows:

5 Section 1. Findings. The City Council finds that all of the preceding
6 recitals are true and correct.

7 Section 2. Priorities for Spending Marijuana Business License Tax
8 Revenue. The City Council hereby expresses its intent, if the Marijuana Business
9 License Tax is enacted by the voters, to prioritize spending of future marijuana tax
10 revenue for the following purposes:

11 A. Public Health and Safety. Future marijuana tax revenue may
12 be spent on the costs of providing public health and safety services in Long Beach. This
13 includes costs related to emergency response, police and fire services, continuum of
14 public safety services, homelessness, drug prevention and treatment, environmental and
15 food safety services, and other health and safety services.

16 B. Regulation and Enforcement. Future marijuana tax revenue
17 may also be spent on the cost of regulating and enforcing the marijuana industry. This
18 includes marijuana costs related to administration and oversight, licensing, plan checks,
19 inspections, enforcement, and legal services.

20 Section 3. Marijuana Business License Tax Not Deemed a Special Tax.
21 The adoption of this Resolution shall not be construed, and it is not the City Council's
22 intent, to convert the proposed Marijuana Business License Tax into a "special tax", as
23 that term is defined in Article XIII C §1(d) of the California Constitution, California
24 Government Code §§53721 and 53724, or any combination thereof. Although this
25 Resolution expresses the intent of the current City Council to spend future marijuana tax
26 revenues for certain priorities, this Resolution is non-binding on any future or
27 subsequently constituted City Council, and the marijuana tax shall remain a "general tax"
28 as that term is defined in Article XIII C §1(a) of the California Constitution, and as set forth

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in the proposed Marijuana Business License Tax.

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