



Legislation Text

File #: 16-0701, **Version:** 1

Recommendation to:

1. Receive and file a Medical Marijuana Initiative-Analysis report from City Manager regarding the proposed initiative petition entitled Regulation of Medical Marijuana Businesses;
2. Adopt 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;

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 XIII C, 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.

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.

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

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH, 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

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CITY ATTORNEY