



8-3-10
H-2

The City of Long Beach is facing the same financial crisis that most American cities are facing today. Department cuts help the financial bleeding with a small band aid but by reducing services to the people will only hurt the City in the long run with increased crime. Consolidating departments is just a way to increase work loads among current employees and eliminate your co-workers job. City employees contributing by reducing there pay helps on a temporary basis but it also hurts the City from attracting and keeping good employees to run the City properly.

**Purpose : Potential new TAX revenue for the city of Long Beach
Solution: It Is not dependent on whether prop 19 passes on Nov 2nd**

As seen is your City of Long Beach 2011 Proposed Budget Snapshot (exhibit 1)

Proposal:

Long Beach City to allow legal wholesale medical grow operations with in the City of Long Beach industrial zones. The city of Long Beach needs to approve legal grow manufacturing to raise tax revenue and increase public safety with oversight of the grow facilities.

Legal licensed grow manufacturing for plants and seeds can generate much needed funds for the city of Long Beach. In reality the 35 medical clubs in Long Beach are receiving their medical product from random resources. The city at the moment is only collecting tax revenue on sales to consumers. The city is losing out on taxing millions of dollars from the growers suppling the medical clubs.

- 1) 20 licensed companies to manufacture their product inside Long Beach City limits. The license fee per year is \$250,000 dollars. The annual revenue for the City of Long Beach is \$5,000,000 dollars in license fees per year.**
- 2) Tax on sales of products. The city of Oakland passed and approved a 5% tax on all sales of cannabis. Their projections and studies are outstanding. The potential tax revenue from sales of \$40,000,000 million is another \$2,000,000 in taxes for the City of Long Beach.**

Southern California was a hub for cannabis and it is losing the ground to Northern California. Oakland is dubbed as the new silicon valley of the cannabis industry. Currently, Oakland will be one of the few cities that will allow the production of cannabis to be sold wholesale through out the state. Long Beach and its massive industrial zone is a perfect match for mass production of cannabis. The cannabis production grown in Long Beach will be used to supply medical clubs and non medical clubs (Prop 19 passes) through out California.

Holland has decriminalized marijuana and allows the sale of marijuana in coffee shops. The Dutch government generates millions in taxes from the sale of marijuana to the consumer but they fail to legalize the growing of cannabis and thus lose millions in the taxation from the grower supplying the coffee shop.

To protect the image and beauty of Long Beach the zoning for these manufactures will be in the industrial zones only. Zero advertisement will be tolerated. Trade shows and sponsoring of events will be ok as long as no leaf or marijuana image is used. These manufacturing operations are strictly business to business and are not retail establishments.

I have attached the approved Oakland City Council ordinance regarding the manufacturing of cannabis. Oakland has already passed this ordinance. They are going to start collecting tax revenue from growers supplying the medical collectives.

We are looking forward to working with the Long Beach police department, fire department and building and safety to insure the safety and protection of these manufacturing plants.

Thank you

Brian Roberts



City of Long Beach

2011 Proposed Budget Snapshot

Challenging financial times for the City...

Like all cities in California, Long Beach continues to suffer from the downturn in the economy. Revenues are down and expenses are rising, especially expenses related to personnel. This combination has resulted in an \$18.5 million deficit for the next fiscal year.

Where we came from...

Unlike some other major cities in California, Long Beach has consistently implemented tough decisions to address budget deficits each year, instead of putting off those decisions into the future. Since 2004, the City has cut \$118 million from its budget, increased revenue by \$45 million, eliminated 650 positions, cut administrative support and management, and cut the City's fleet by 12 percent. The City has maintained high levels of core services, but has made significant reductions in some of the more specialized City services and changed how we perform many of our functions.

Where we are now...

Due to the status of the economy, the City must now restructure government, cut additional administrative support costs, search for more revenue, eliminate or reduce additional services, and make other moves to ensure its long-term financial health. Long Beach is attacking the budget deficit through a five-pronged approach:

1. **Department reductions:** Asking departments to make further reductions
2. **Potential new revenue:** Continuing to explore new revenue to reduce the deficit
3. **Government reform:** Consolidating departments and improving efficiency
4. **Employee contributions:** Negotiating to reduce employee costs
5. **Pension reform:** Negotiating to reduce current and future pension costs

Ensuring a Proportionate Share...

One key approach this year is to ensure that each department maintains its "proportionate share" of the budget. Public safety, for example, makes up 68% of the budget - under this approach, public safety would maintain that proportionate share of funding, but would be adjusted proportionately to the total amount of dollars available. This approach ensures that all departments participate in solutions, and that the City can balance core public safety needs with the need for crime prevention programs, quality of life programs, and other important services that reduce crime. Without this balanced approach, non-public safety department cuts would triple in the proposed budget, causing an enormous imbalance in the services the City provides.

Reducing City Staff and Services...

The proposed budget contains cost-cutting measures that will be painful. None of the cuts were taken lightly, and they represent countless hours of examining every part of the City organization and determining what needs to be done to keep the City financially strong. In addition to reductions in general administration and internal support services, if the budget is approved as proposed, you are likely to see the following, among other items:

Examples of Reduced Services....

- Reduced translator and interpreter services for City Council meetings
- Changes in staffing at two fire stations, keeping both stations open, but with different or reduced resources
- Reduced availability of Family Learning Centers at neighborhood libraries
- Reduced hours at community swimming pools
- Contracting with the private sector for services such as crossing guards, maintenance of City buildings, and City Hall security
- Reducing the size of some specialized Police Department units
- Reduced staffing in Development Services to reflect a reduction in building activity
- Fewer motorcycle officers dedicated to traffic enforcement
- Less funding for the Arts Council and street banners promoting the City
- A restructuring of the Municipal Band to maintain music events in the park under a more cost-effective model
- Eliminating City neighborhood block party traffic control
- Elimination of City funding for parades and special events, including Daisy Lane, Martin Luther King Jr. and Veterans Day parades. These events would have to become self-supporting.
- Reduction in Fire Marine Safety officers on the waterways
- Reduced weekday lifeguard staffing for West and East beach response units and Colorado Lagoon. Weekend staffing would remain unchanged.
- Elimination of the 4th of July Fireworks show in Queensway Bay

Employee Participation...

As another key part of the effort to minimize the need to reduce core services and preserve jobs, City employees have been called upon to participate in the FY 11 Budget solutions. Of the \$18.5 million deficit for next year, \$11.3 million is attributable to increases in negotiated labor contracts. The City is legally obligated to honor these contracts, and any change must be negotiated with our employees. Labor negotiations are underway, and the City is hopeful that employee concessions will occur to fully offset these anticipated cost increases.

Without a negotiated agreement, the City must implement additional employee layoffs and make much more significant reductions to services. It is estimated that an additional 85 positions will be eliminated. These service reductions are not recommended and will have a significant impact on our employees and the community, but are the only available option to balance the budget. Reductions include: elimination of 44 Police patrol officer positions; reduced code enforcement; elimination of a Fire Department Ambulance; Fire Department Rolling Brownouts citywide; cuts in library hours and print materials; significant cuts in parks and teen centers; and a significant reduction in pothole repair.

Learn more...

If you would like to learn more, you can review the budget summary and full budget document at www.longbeach.gov. The City Council will hold budget hearings over the next several weeks where you can ask questions and provide input.



City of Oakland

Legislative File ID **09-1649**

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email

Type: **City Resolution** Status: **In Council**
 Enactment Date: Enactment No.:
 Title: **Subject: Tax Cannabis From: Councilmember Kaplan Recommendation: Adopt One Of The Following Pieces Of Legislation: 1) A Resolution Submitting, On The Council's Own Motion, To The Voters At The November 2, 2010 Statewide General Election, A Proposed Ordinance Amending The City's Business Tax, Chapter 5.04 Of The Oakland Municipal Code, To Increase The Business Tax Rate For Cannabis Businesses From \$18.00 Per \$1,000 Of Gross Receipts To [E.G., \$80.00 Or, \$100.00 Or \$112.00] Per \$1,000 Of Gross Receipts; Consolidating The Election With The Statewide General Election; Requesting The Services Of The Registrar Of Voters; And Directing The City Clerk To Fix The Date For Submission Of Arguments And Provide For Notice And Publication In Accordance With The November 2, 2010 Statewide General Election; Or Alternatively,**
 Controlling Body: **Special Concurrent Meeting of the Oakland Redevelopment Agency/City Council**
 Introduced: **7/14/2010** Version: **1**
 Final Action: Contact:
 Name: **Tax Cannabis**
 Requester: **City Council**
 Attachments: [Legislative File Text](#)
[View Report pdf](#)
[View Supplemental Report.pdf](#)
[View Report pdf](#)
[View Report pdf](#)

Next Meeting:

Legislative History (* Unpublished Data)

Date	Acting Body	Action Taken	Motion	Media
7/15/2010	<i>Unpublished Meeting Data Pending*</i>			
7/22/2010	<i>Unpublished Meeting Data Pending*</i>			

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City of Oakland

Legislative File Number 09-1649 (version 1)

Title

Subject: Tax Cannabis

From: Councilmember Kaplan

Recommendation: Adopt One Of The Following Pieces Of Legislation:

1) A Resolution Submitting, On The Council's Own Motion, To The Voters At The November 2, 2010 Statewide General Election, A Proposed Ordinance Amending The City's Business Tax, Chapter 5.04 Of The Oakland Municipal Code, To Increase The Business Tax Rate For Cannabis Businesses From \$18.00 Per \$1,000 Of Gross Receipts To [E.G., \$80.00 Or, \$100.00 Or \$112.00] Per \$1,000 Of Gross Receipts; Consolidating The Election With The Statewide General Election; Requesting The Services Of The Registrar Of Voters; And Directing The City Clerk To Fix The Date For Submission Of Arguments And Provide For Notice And Publication In Accordance With The November 2, 2010 Statewide General Election; Or Alternatively,

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2010 JUL 23 PM 7:12

CITY OF OAKLAND



ONE FRANK OGAWA PLAZA • 2ND FLOOR • OAKLAND, CALIFORNIA 94612

Council Member Ignacio De La Fuente
Council Member Desley Brooks

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A RESOLUTION SUBMITTING, ON THE COUNCIL'S OWN MOTION, TO THE VOTERS AT THE NOVEMBER 2, 2010 STATEWIDE GENERAL ELECTION, 1) A PROPOSED ORDINANCE AMENDING THE CITY'S BUSINESS TAX, CHAPTER 5.04 OF THE OAKLAND MUNICIPAL CODE, TO INCREASE THE BUSINESS TAX RATE FOR CANNABIS BUSINESSES AND MEDICAL CANNABIS BUSINESSES FROM \$18.00 PER \$1,000 OF GROSS RECEIPTS TO \$50.00 PER \$1,000 OF GROSS RECEIPTS AND 2) CREATING A NEW "NON-MEDICAL CANNABIS BUSINESS TAX" OF \$100.00 PER \$1,000 OF GROSS RECEIPTS; CONSOLIDATING THE ELECTION WITH THE STATEWIDE GENERAL ELECTION; REQUESTING THE SERVICES OF THE REGISTRAR OF VOTERS; AND DIRECTING THE CITY CLERK TO FIX THE DATE FOR SUBMISSION OF ARGUMENTS AND PROVIDE FOR NOTICE AND PUBLICATION IN ACCORDANCE WITH THE NOVEMBER 2, 2010 STATEWIDE GENERAL ELECTION

TO: Oakland City Council
FROM: Councilmembers De La Fuente and Brooks
RE: Cannabis Business Taxes
DATE: 7-22-10

Colleagues:

The attached resolution proposes an amendment to the City's Business Tax Ordinance that Chapter 5.04 of the Oakland Municipal Code, to 1) increase the business tax rate for Cannabis Businesses and "Medical Cannabis Businesses" from \$18.00 per \$1,000 of gross receipts to \$50.00 per \$1,000 of gross receipts, and 2) creating a new "Non-Medical Cannabis Business Tax" of \$100.00 of gross receipts.

Thank you,


Councilmember De La Fuente


Councilmember Brooks

2010 JUL 23 PM 7:12

APPROVED AS TO FORM AND LEGALITY
DRAFT

CITY ATTORNEY

DRAFT

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.
INTRODUCED BY COUNCILMEMBER

A RESOLUTION SUBMITTING, ON THE COUNCIL'S OWN MOTION, TO THE VOTERS AT THE NOVEMBER 2, 2010 STATEWIDE GENERAL ELECTION, 1) A PROPOSED ORDINANCE AMENDING THE CITY'S BUSINESS TAX, CHAPTER 5.04 OF THE OAKLAND MUNICIPAL CODE, TO INCREASE THE BUSINESS TAX RATE FOR CANNABIS BUSINESSES AND MEDICAL CANNABIS BUSINESSES FROM \$18.00 PER \$1,000 OF GROSS RECEIPTS TO \$50.00 PER \$1,000 OF GROSS RECEIPTS AND 2) CREATING A NEW "NON-MEDICAL CANNABIS BUSINESS TAX" OF \$100.00 PER \$1,000 OF GROSS RECEIPTS; CONSOLIDATING THE ELECTION WITH THE STATEWIDE GENERAL ELECTION; REQUESTING THE SERVICES OF THE REGISTRAR OF VOTERS; AND DIRECTING THE CITY CLERK TO FIX THE DATE FOR SUBMISSION OF ARGUMENTS AND PROVIDE FOR NOTICE AND PUBLICATION IN ACCORDANCE WITH THE NOVEMBER 2, 2010 STATEWIDE GENERAL ELECTION

WHEREAS, through the passage of Proposition 215, the voters of California authorized the use of cannabis for medical purposes in 1996; and

WHEREAS, by a 79% vote in favor of the proposition, the voters of Oakland overwhelmingly approved Proposition 215; and

WHEREAS, the City Council of the City of Oakland has adopted medical cannabis permitting regulations to prevent nuisance, provide for effective controls, enable medical cannabis patients to obtain cannabis from safe sources, and provide appropriate licensing and revenues for the City in a manner consistent with state law; and

WHEREAS, every person engaged in business activity in the City of Oakland is required to obtain a business tax certificate and to pay the City's business tax; and

WHEREAS, pursuant to Chapter 5.04 of the Oakland Municipal Code, Section 5.04.480 cannabis businesses are currently taxed under the "cannabis" at a business tax rate of \$18 per \$1,000 of gross receipts; and

WHEREAS, the City Council desires to create a new "Medical Cannabis Business Tax," and a new "Non-Medical Cannabis Business Tax;" and

WHEREAS, the City Council of the City of Oakland desires to amend Chapter 5.04, to establish the "Medical Cannabis Business Tax" rate for medical-cannabis businesses at \$50.00 per \$1,000 of gross receipts; and

WHEREAS, the City Council of the City of Oakland desires to amend Chapter 5.04, to establish the "Non-Medical Cannabis Business Tax" rate for non medical-cannabis businesses at \$100.00 per \$1,000 of gross receipts; and

WHEREAS, all revenues received from the tax will be deposited in the City's general fund to be expended for any lawful public purpose; now, therefore, be it

RESOLVED: That the City Council of the City of Oakland does hereby submit to the voters at the November 2, 2010 statewide general election, not more than 88 days and not more than 150 days from the date of passage of this resolution, the text of the proposed ordinance, which shall read as follows;

Be it ordained by the People of the City of Oakland:

Section 1. The Municipal Code is hereby amended to add, delete, or modify sections as set forth below (section numbers and titles are indicated in **bold type**; additions are indicated by underscoring and deletions are indicated by strike-through type; portions of the regulations not cited or not shown in underscoring or strike-through type are not changed).

Section 2. Code Amendment. Oakland Municipal Code Section 5.04.480 is hereby amended to read as follows:

5.04.480 Medical Cannabis Businesses.

For the Purposes of this Section:

- A. ~~"Cannabis Business" means business activity including, but not limited to, planting, cultivation, harvesting, transporting, manufacturing, compounding, converting, processing, preparing, storing, packaging, wholesale, and/or retail sales of marijuana, any part of the plant Cannabis sativa L. or its derivatives.~~
- A. "Medical Cannabis Business" means any activity regulated or permitted by Chapter 5.80 and/or Chapter 5.81 of the Oakland Municipal Code that involves planting, cultivating, harvesting, transporting, dispensing, delivering, selling at retail or wholesale, manufacturing, compounding, converting, processing, preparing, storing, packaging, or testing any part of the plant

Cannabis sativa L. or any of its derivatives, pursuant to Health and Safety Code sections 11362.5 and 11362.7-11362.83

- B. Every person engaged in a "Medical Cannabis Business" not otherwise specifically taxed by other business tax provisions of this Chapter, shall pay a business tax of \$50.00 for each \$1,000.00 of gross receipts or fractional part thereof.

5.04.481 Non-Medical Cannabis Businesses.

For the Purpose of this Section:

- A. "Non-Medical Cannabis Business" means any of the activities described in section 5.04.480 (A) that are not conducted pursuant to Health and Safety Code sections 11362.5 and 11362.7-11362.83, but are otherwise authorized by state law.
- B. Every person engaged in a "Non-Medical Cannabis Business" not otherwise specifically taxed by other business tax provisions of this Chapter, shall pay a business tax of \$100.00 for each \$1,000.00 of gross receipts or fractional part thereof.

Section 3. Severability. If a court of competent jurisdiction determines that any provision of this Ordinance, or its application to any person or circumstance is unlawful, unenforceable or otherwise void, that determination shall have no effect on any other provision of this Ordinance or the application of this Ordinance to any other person or circumstance and, to that end, the provisions hereof are severable.

Section 4. California Environmental Quality Act Requirements. This Ordinance is exempt from the California Environmental Quality Act, Public Resources Code section 21000 et seq., including without limitation" Public Resources Code section 21065, CEQA Guidelines 15378(b)(4) and 15061(b)(3), as it can be seen with certainty that there is no possibility that the activity authorized herein may have a significant effect on the environment.

Section 5. Majority Approval; Effective Date. This Ordinance shall be effective only if approved by a majority of the voters voting thereon and after the vote is declared by the City Council. The effective date of this Ordinance shall be January 1, 2011.

Section 6. Council Amendments. The City Council of the City of Oakland is hereby authorized to amend Sections 5.04.480 of the Oakland Municipal Code as adopted by this Ordinance in any manner that does not increase the tax rate, otherwise

constitute a tax increase for which voter approval is required by Article XIII C of the California Constitution; and be it

PROPOSED ORDINANCE AMENDING THE OAKLAND MUNICIPAL CODE TO INCREASE THE BUSINESS TAX RATE FOR CANNABIS BUSINESSES AND "MEDICAL CANNABIS BUSINESSES" FROM \$18 PER \$1,000 OF GROSS RECEIPTS TO \$50.00 PER \$1,000 OF GROSS RECEIPTS AND CREATING A NEW "NON-MEDICAL CANNABIS BUSINESS TAX" OF \$100.00 PER \$1,000 OF GROSS RECEIPTS

<p>Measure ____ Shall the Oakland Municipal Code be amended to increase the business tax rate for Cannabis Businesses and "Medical Cannabis Businesses" from \$18 per \$1,000 of gross receipts to \$50 per \$1,000 of gross receipts, and creating a new "Non-Medical Cannabis Business Tax" of \$100 per \$1,000 of gross receipts, with all proceeds placed in the City's General Fund to be used for any governmental purpose?</p>	<p>Yes</p>	
	<p>No</p>	

FURTHER RESOLVED: That the City Council hereby authorizes and directs the City Clerk of the City of Oakland (the "City Clerk") at least 88 days prior to November 2, 2010, to file with the Alameda County Clerk certified copies of this resolution; and be it

FURTHER RESOLVED: That in accordance with the Elections Code and Chapter 3 of the Oakland Municipal Code, the City Clerk shall fix and determine a date for submission of arguments for and against said proposed Ordinance and rebuttals, and said date shall be posted in the Office of the City Clerk; and be it

FURTHER RESOLVED: That the City Clerk and City Administrator hereby are authorized and directed to take any and all actions necessary under law to prepare for and conduct the election and the Council hereby appropriates all monies necessary for the City Administrator and City Clerk to prepare and conduct the election in a manner consistent with state and local laws.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2010

Cannabis Business Tax Projections - Growers
(Proposed Tax Rates of \$50, \$80, \$100 or \$112 per \$1,000)

Growing Space (Square Footage)	Number of Working Stations (per 100 Sq. Ft.)	Pounds per Year	Price per Pound	Gross Revenues	Existing	Estimated	Proposed	Estimated	Estimated	Proposed	Estimated	Proposed	Estimated
					Tax Rate \$18/\$1,000	Business Tax \$18/\$1,000	Tax Rate \$50 / \$1,000	Business Tax \$50 / \$1,000	Business Tax \$75 / \$1,000	Tax Rate \$80 / \$1,000	Business Tax \$80 / \$1,000	Tax Rate \$100 / \$1,000	Business Tax \$100 / \$1,000
Baseline													
1,000	10	15	\$ 3,200	\$ 480,000	1.80%	\$ 8,640.00	5.00%	\$ 24,000	\$ 36,000	8.00%	\$ 38,400	10.00%	\$ 48,000
Growing Space - Up to 15,000 Square Feet													
6,750	67.5	15	\$ 3,200	\$ 3,240,000	1.80%	\$ 58,320.00	5.00%	\$ 162,000	\$ 243,000	8.00%	\$ 259,200	10.00%	\$ 324,000
15,000	150	15	\$ 3,200	\$ 7,200,000	1.80%	\$ 129,600.00	5.00%	\$ 360,000	\$ 540,000	8.00%	\$ 576,000	10.00%	\$ 720,000
Growing Space - Up to 25,000 Square Feet													
16,000	160	15	\$ 3,200	\$ 7,680,000	1.80%	\$ 138,240.00	5.00%	\$ 384,000	\$ 576,000	8.00%	\$ 614,400	10.00%	\$ 768,000
25,000	250	15	\$ 3,200	\$12,000,000	-1.80%	\$ 216,000.00	5.00%	\$ 600,000	\$ 900,000	8.00%	\$ 960,000	10.00%	\$ 1,200,000
Growing Space - Up to 150,000 Square Feet													
100,000	1000	15	\$ 3,200	\$48,000,000	1.80%	\$ 864,000.00	5.00%	\$ 2,400,000	\$ 3,600,000	8.00%	\$ 3,840,000	10.00%	\$ 4,800,000
150,000	1500	15	\$ 3,200	\$72,000,000	1.80%	\$ 1,296,000.00	5.00%	\$ 3,600,000	\$ 5,400,000	8.00%	\$ 5,760,000	10.00%	\$ 7,200,000

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