

City of Long Beach
Many Unique Neighborhoods
One Great City



Dr. Suja Lowenthal
Councilmember
District 2

Memorandum

To: Mayor and City Council

December 17, 2013

From: Robert Garcia, First District *RG*
Suja Lowenthal, Second District *S*
Al Austin, Eighth District *al*

Subject: Tax on Medical Marijuana Businesses

RECOMMENDATION: Request that the City Council direct the City Attorney to prepare documents necessary to place on the April, 2014 ballot a proposed measure to establish a tax on medical marijuana businesses in the City of Long Beach.

DISCUSSION: The City's local taxing authority related to businesses is the Business License Tax, codified in Chapter 3 of the Long Beach Municipal Code. The tax is grouped into different categories of taxation based on business classification. Currently there are over 34 separate business types that are charged business license taxes within the City generating over \$11 million in General Fund Revenue annually. All businesses operating in Long Beach (with the exception of religious or charitable organizations) must obtain a business license and pay annual business taxes in order to operate within the City, including pharmacies, supermarkets, day care centers, attorney's offices, dentists, doctors, nursing homes, restaurants, bars and many more.

Medical marijuana businesses, including collectives are unique and do not fit within any current business classification. In order to impose the same requirement on marijuana businesses as any other business, it is requested that a measure be placed on the April, 2014 citywide ballot establishing a business license tax on medical marijuana businesses.

In November, 2010, Measure B won approval by Long Beach voters to establish a tax on non-medical marijuana sales. This proposed ballot measure would establish a tax on all medical marijuana businesses, using taxing methodology similar to the City's current taxing structure, including an annual CPI increase, a minimum \$1,000 business license tax and a tax rate of 6%.

Voter approval is required for all new or increased taxes, under Proposition 218. The adoption of a "general" tax must usually be considered on a ballot where one or more of the local legislators is up for election or reelection. The upcoming April, 2014 election presents the City with an opportunity to remedy a gap in the City's Business Tax law, while obtaining badly needed general fund revenue.

We therefore move that the City Council direct the City Attorney to prepare documents necessary to place a measure establishing a business tax on medical marijuana businesses on the ballot of the April, 2014 citywide election.

We further move that the Director of Financial Management evaluate the impact of such a tax on the City budget, and provide adjusted revenue projections of this proposed revenue source.

FISCAL IMPACT: No significant fiscal impact

At the meeting of the City Council on the 14th day of February, 2014, the following motion was made and seconded:

That the City Council direct the City Attorney to prepare documents necessary to place a measure establishing a business tax on medical marijuana businesses on the ballot of the April, 2014 citywide election.

That the Director of Financial Management evaluate the impact of such a tax on the City budget, and provide adjusted revenue projections of this proposed revenue source.

The motion was carried by a vote of 6-0. The City Council hereby approves the motion and directs the City Attorney to prepare documents necessary to place a measure establishing a business tax on medical marijuana businesses on the ballot of the April, 2014 citywide election.

The City Council hereby approves the motion and directs the Director of Financial Management to evaluate the impact of such a tax on the City budget, and provide adjusted revenue projections of this proposed revenue source.

This motion was carried by a vote of 6-0. The City Council hereby approves the motion and directs the Director of Financial Management to evaluate the impact of such a tax on the City budget, and provide adjusted revenue projections of this proposed revenue source.



City of Long Beach Memorandum
Working Together to Serve

REQUEST TO ADD AGENDA ITEM



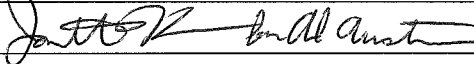
Date: December 13, 2013
To: Larry Herrera, City Clerk
From: Suja Lowenthal, District 2
Subject: Request to Add Agenda Item to Council Agenda of **December 17, 2013**

Pursuant to Municipal Code Section 2.03.070 [B], the City Councilmembers signing below request that the attached agenda item (due in the City Clerk Department by Friday, 12:00 Noon) be placed on the City Council agenda under New Business via the supplemental agenda.

The agenda title/recommendation for this item reads as follows:

Tax on Medical Marijuana Businesses

Request that the City Council direct the City Attorney to prepare documents necessary to place on the April, 2014 ballot a proposed measure to establish a tax on medical marijuana businesses in the City of Long Beach.

Council District	Authorizing Councilmember	Signed by
2	Suja Lowenthal	
1	Robert Garcia	
8	Al Austin	

Attachment: Tax on Medical Marijuana Businesses

CC: Office of the Mayor