



Legislation Text

File #: 21-0283, **Version:** 1

Recommendation to request City Attorney to prepare a resolution in support of SB 603, which establishes a cannabis license deferral and waiver tax credit, and request City Manager send a letter communicating the City's support of SB 603.

The Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) established the control and regulation of commercial medicinal and adult-use cannabis activities; requires businesses to go through an application, licensing, and renewal process to operate; and requires the Bureau of Cannabis Control to administer a grant program to assist with the development of a local jurisdiction's local equity program or to assist applicants and licensees in a local jurisdiction's equity program.

MAUCRSA also required a state licensing authority, on or before January 1, 2021, to develop and implement a program to provide a deferral or waiver for an application fee, a licensing fee, or a renewal fee for a needs-based applicant or needs-based licensee, as specified. Existing law made the operation of those provisions contingent upon an appropriation in the annual Budget Act or another statute for purposes of those provisions.

SB603 would remove the above-mentioned date and the appropriation condition on the operation of those provisions thereby requiring a state licensing authority to develop and implement that fee deferral or waiver program.

The legal cannabis industry has been calling for tax relief to provide the support it needs to stay in business against illegal operators, who continue to profit. The industry's regulations ensure cannabis is brought to consumers in a safe, reliable, and accessible way; however, price differences due to taxes, municipal bans, licensing delays, and a lack of enforcement placed on top of these regulations are threatening California's vision for adult-use cannabis.

The vast majority of legal cannabis businesses have been struggling since the implementation of Proposition 64. By providing this needed relief to social equity businesses, SB 603 will help businesses owned by communities of color that provide low income earners with job opportunities.

This matter was reviewed by Budget Manager Grace H. Yoon on March 29, 2021.

This recommendation requests the City Attorney to prepare a resolution in support of SB 603, which establishes a cannabis license deferral and waiver tax credit. The preparation of the Resolution is anticipated to have a minimal impact on staff hours beyond the budgeted scope of duties and is expected to have minimal impact on existing City Council Priorities. It is

unknown, however, what the fiscal impact is from the support of the Resolution with regards to its impact on current City taxes and revenue generation. Due to the urgency and time sensitivity of this item per the requesting Districts, no Financial Management review on potential fiscal impact on City revenues was able to be conducted.

Approve recommendation.

CINDY ALLEN
COUNCILWOMAN, SECOND DISTRICT

ROBERTO URANGA
COUNCILMEMBER, SEVENTH DISTRICT

REX RICHARDSON
VICE MAYOR, NINTH DISTRICT