

**MEASURE I**  
**CITY ATTORNEY'S IMPARTIAL ANALYSIS**

This measure adds an Ordinance to the San Buenaventura Municipal Code which would tax gross receipts and square footage of plant canopy of businesses involved in cannabis (marijuana) and hemp. The Ordinance defines cannabis broadly, including all parts of the cannabis plant, the seeds thereof, and every resin, compound, manufacture, salt, derivative, mixture or preparation thereof. "Cannabis," for purposes of the Ordinance, also includes the definition of cannabis set forth in Section 11018 of the California Health and Safety Code and is not limited to medical cannabis. Hemp is defined as the plant *Cannabis sativa L.* and any part of that plant with a delta-9 tetrahydrocannabinol (THC) concentration of not more than 0.3 percent on a dry weight basis.

The Ordinance by itself does not authorize any cannabis or hemp business to operate in the City of San Buenaventura ("City"). Should any cannabis or hemp businesses be allowed to operate in the City after January 1, 2021, those businesses would be obligated to pay the tax instituted by the Ordinance.

Pursuant to the Ordinance, every person who engages in cannabis or hemp operations, including the cultivating, transporting, distributing, manufacturing, packaging, delivering, testing and all other business activities within the City would pay a maximum tax on the gross receipts of their operation's activities as follows : for testing, 2.5%; for retail sales, retail delivery, or microbusiness retail, 8%; for distribution not to consumers, 3%; for manufacturing, processing or nonretail microbusiness, and any other type of business not otherwise specified, 4%; and for cultivation, a tax per square foot of canopy ranging from \$2.00 per square foot of canopy to \$10.00 per square foot of canopy, depending on the type of lighting (artificial or natural) used. For purposes of the Ordinance, "canopy" means all areas occupied by any portion of a cannabis or hemp plant whether contiguous or non-contiguous on any one site.

The Ordinance sets initial tax rates that are less than the authorized maximums as follows: for testing, 1 %; for retail sales, retail delivery, or microbusiness retail, 4%; for distribution not to consumers, 2%; for manufacturing, processing or non-retail microbusiness, and any other type of business not otherwise specified, 2.5%; and for cultivation, a tax per square foot of canopy ranging from \$1.00 per square foot of canopy to \$7.00 per square foot of canopy, depending on the type of lighting (artificial or natural) used.

The City Council may, by resolution or ordinance, adjust the initial rate of the cannabis tax established by the Ordinance. However, in no event may the tax be adjusted to exceed the maximum rate established by the Ordinance.

The tax would be a general tax as authorized by the California Constitution Article XIII C, Section 2. As a general tax, the revenue generated may be used for any general governmental purpose.