



Local Ballot Measures: Measure N

N

City of Marysville-Impose, Amend and Modernize the Current Cannabis Business Tax

Ballot Question

To fund general municipal expenses such as police, fire, roads and recreation, shall the City tax cannabis or hemp businesses at annual rates not to exceed \$10.00 per canopy square foot for cultivation (adjustable for inflation), 6% of gross receipts for retail cannabis businesses, and 4% for all other cannabis businesses; which is expected to generate an estimated \$300,000 to \$470,000 annually and will be levied until repealed by the voters or the City Council?

Impartial Analysis

Measure N, if adopted by a majority of the voters voting on the measure, would impose, amend and modernize the current Cannabis Business Tax set forth in the Marysville Municipal Code which imposes a Cannabis Business Tax on cannabis (marijuana) businesses which operate in the City. This ordinance authorizes the City Council to set annual tax rates not to exceed ten dollars (\$10.00) per canopy square foot for cultivation (adjustable for inflation), six percent (6%) of gross receipts for retail cannabis businesses, and four percent (4%) for all other cannabis businesses. The ordinance broadly defines "cannabis business" to include any business activity involving cannabis or industrial hemp, including but not limited to, cultivating, transporting, distributing, manufacturing, compounding, converting, processing, preparing, storing, packaging, delivering, testing, dispensing, retailing and wholesaling of cannabis, cannabis products, industrial hemp, industrial hemp products or of ancillary products and accessories, whether or not carried on for gain or profit. The tax is a gross receipts tax imposed on cannabis businesses and is not a sales tax imposed on qualified patients, primary caregivers or other persons who purchase or otherwise acquire cannabis for their personal use. All revenue generated from the proposed Cannabis Business Tax would be deposited into the City's General Fund and, accordingly, all monies collected pursuant to the Cannabis Business Tax would be used by the City to pay for City operations and programs, such as fire and police protection, traffic safety, street and sidewalk repair, park maintenance, debt service and general administration of the City. The City would not be bound to use the tax monies for any special purpose or for any particular projects, facilities or programs. Because the proposed Cannabis Business Tax would be imposed for general municipal governmental purposes, the ballot measure proposes a "general tax" as defined by Article XIII of the California Constitution. Accordingly for the ballot measure to be adopted, it must receive a simple majority "yes" vote.

If adopted, the Cannabis Business Tax on Cannabis Dispensaries, Commercial Cannabis Cultivation, and other Cannabis businesses shall be effective January 1, 2021 (or such later date as the Secretary of State may certify the results). The measure was placed on the ballot by the governing body of the City.

/s/ Nicole Delerio Rosser, Assistant City Attorney

The above statement is an impartial analysis of Ordinance or Measure N. If you desire a copy of the ordinance or measure, please call the City Clerk's office at (530) 749-3901 and a copy will be mailed to you at no cost.