

CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE _____

Measure _____ is submitted to the voters by the Huntington Beach City Council and would amend the Huntington Beach Municipal Code to establish a Cannabis Business Tax that would apply to commercial cannabis businesses that may operate in Huntington Beach, as defined in the proposed ordinance.

Background on the Measure

The Huntington Beach City Council approved the submission of an ordinance for voter approval to amend the Huntington Beach Municipal Code ("HBMC") to establish a general tax that would apply to commercial cannabis businesses that may operate in Huntington Beach. The ordinance would establish both (i) a not-to-exceed rate of 6% local general tax on the gross receipts received by any cannabis retail business; and (ii) a not-to-exceed rate of 1% local general tax on any other cannabis business, including but not limited to indoor cannabis cultivation, manufacturing, testing laboratory, and distribution businesses. The general tax must be approved by a majority of the voters in Huntington Beach, the proceeds of which would be deposited into the City's General Fund to be used for any lawful City program or service.

The City Council cannot repeal this general tax or set any adjusted rate that exceeds the maximum rates, without voter approval at an election.

Effects of the Measure

If passed, Measure _____ would amend the HBMC to impose a general tax on commercial cannabis businesses as defined in the proposed ordinance. The tax is imposed on commercial cannabis businesses and is not a sales tax imposed on qualified patients, primary caregivers or customers. The tax would apply to businesses operating both legally and illegally; however, it should be noted that the Measure does not authorize or permit any type of commercial cannabis businesses.

Monies from the proposed Cannabis Business Tax would be deposited into the General Fund. The total amount of the tax would depend on the gross receipts of the business.

The Measure sets taxation rates that could be adjusted by the City Council periodically, so long as the rates do not exceed the maximum rates approved by voters. The Cannabis Business Tax would be paid in arrears, on a monthly basis and failure to timely pay would result in certain increasing fines and penalties.

Measure _____ requires a simple majority vote of 50% plus 1 to pass. A "yes" vote for Measure _____ will establish a Huntington Beach Cannabis Business Tax if commercial cannabis businesses ever become allowed. A "no" vote against Measure _____ will not establish such a tax.

The above statement is an impartial analysis of Measure _____. Copies of the text of the proposed ordinance is available in the City Clerk's Office, public libraries, and on the City's website at

<https://huntingtonbeachca.gov/>. For more information, contact the City Clerk's Office at (714) 536-5227.

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