

**CITY OF CLOVERDALE
CITY COUNCIL
RESOLUTION NO. 076-2017**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLOVERDALE IMPLEMENTING THE
PREVIOUSLY APPROVED CANNABIS BUSINESS TAX AT A RATE OF 4.5% OF THE GROSS RECEIPTS OF
ALL ENGAGED IN CANNABIS BUSINESS IN THE CITY**

WHEREAS, in November 2016, the voters of the City of Cloverdale approved a Cannabis Business Tax with 73.77% voting in favor of the tax measure; and

WHEREAS, the approved general tax measure allows the City Council to implement, by Resolution, a tax of up to 10% on the gross receipts of cannabis businesses in the City; and

WHEREAS, implementation of the Cannabis Business Tax will create a local revenue source for general City services that cannot be taken by Sacramento or Washington DC; and

WHEREAS, the City desires to protect and maintain City services, its constituents have identified as priorities, such as emergency response services; preventing and investigating property crimes, like thefts and burglaries; maintaining adequate street maintenance and pothole repair; supporting the City's local businesses; maintaining and improving parks and libraries; and enhancing the fiscal stability of the City of Cloverdale; and

WHEREAS, the City Council recently approved amendments to the City's Zoning Code to allow certain cannabis businesses to locate and operate within the City according to state and local regulations; and

WHEREAS, the City Council now desires to impose the Cannabis Business Tax, pursuant to Cloverdale Municipal Code section 3.46.070(A), at a rate of 4.5% of gross receipts on those individuals engaged in cannabis business within the City.

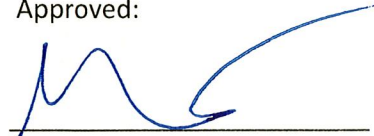
NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Cloverdale does hereby find, determine, and declare as follows:

1. The foregoing recitals are true and correct and are hereby incorporated by reference.
2. Pursuant to Chapter 3.46 of the Cloverdale Municipal Code, the Cannabis Business Tax is hereby imposed at a rate of four and one-half percent (4.5%) of all gross receipts on those engaged in cannabis business within the City of Cloverdale.
3. This Resolution shall become effective immediately upon its passage and adoption.

It is hereby certified that the foregoing Resolution No. 076-2017, was duly introduced and duly adopted by the City Council of the City of Cloverdale at its regular meeting held on the 24th day of October, 2017, by the following roll call vote: (Ayes- 4; Noes-0; Abstain- 1)

AYES: Councilmember Bagby, Vice Mayor Palla, Councilmember Russell, and Mayor Wolter
NOES: None
ABSENT: None
ABSTAIN: Councilmember Brigham,

Approved:



Gus Wolter, Mayor

Attested:



Linda Moore, Deputy City Clerk



**City Council/Successor Agency
Agenda Item Summary**

Agenda Item: 8 Meeting Date: October 24, 2017
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Agenda Section Regular	Staff Contact Paul Cayler, City Manager
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Agenda Item Title

Resolution NO. 076-2017, Implementing the Cannabis Business Tax at a Rate of 4.5%

Background

On November 8, 2016, voters in the City of Cloverdale approved a Cannabis Business Tax, "Measure P," with 73.77% voting in favor of the measure. The approved tax measure allows the City Council to implement, by resolution, a tax of up to 10% on the gross receipts of cannabis businesses in the City. The tax is codified in Chapter 3.46 of the Cloverdale Municipal Code.

The exact ballot measure language read as follows:

"To fund essential City services such as police, streets, parks, libraries, senior and youth programs, shall an ordinance be adopted imposing a tax on all permitted cannabis businesses in Cloverdale, at a rate of up to 10% on gross receipts, to raise estimated revenues of \$90,000 per business, with no sunset date, subject to audits, with funds staying in Cloverdale, allowing for the tax rate to vary by business activity type?"

Section 3.46.070(A) of the Municipal Code reads:

"3.46.070 Amount of business tax owed.

A. Every person engaged in cannabis business in the city shall pay a business tax at a rate of up to ten percent of gross receipts. The tax under this chapter shall not be imposed on cannabis businesses unless and until the city council, by resolution, takes action to set a tax rate not to exceed ten percent of gross receipts."

Summary

On September 26, 2017, the City Council, on a vote of 4-0, with Council Member Brigham recusing herself from the action, adopted the commercial cannabis ordinance, allowing commercial cannabis businesses to operate in the City (after applying for and receiving a City cannabis permit and a state license). At the same regular meeting, the City Council directed staff to prepare a Resolution for its consideration that would impose the Cannabis Business Tax on these businesses at a rate of 4.5% of gross receipts.

The attached Resolution sets the Cannabis Business Tax at the rate of 4.5% of gross receipts for all cannabis businesses, both medical and non-medical. The City Council has the discretion to change the rate in the future without going to the voters as long as it does not exceed 10%.

Options

1. Approve the attached resolution implementing the Cannabis Business Tax at a Rate of 4.5% of gross receipts of each cannabis business within the City.
2. Provide alternative direction to staff.

Budget/Financial Impact

At the time staff prepared the ballot language for the tax, staff looked at other jurisdictions and estimated that the tax might raise revenues of up to \$90,000 or more per business. However, given the changes in law in the cannabis industry, it is unknown at this time what the revenues from the Cannabis Business Tax would be in the City, as it could vary greatly depending on the size, type, and success of each business.

Subcommittee Recommendation

None.

Recommended Council Action

Adopt the attached resolution implementing the Cannabis Business Tax at a Rate of 4.5% on all cannabis businesses within the City.

Attachment:

- 1) Resolution

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