

**CITY OF CLOVERDALE  
CITY COUNCIL  
RESOLUTION NO. 031-2022**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLOVERDALE APPROVING MODIFICATION OF THE PREVIOUSLY ESTABLISHED CANNABIS BUSINESS TAX RATE OF 4.5% OF GROSS RECEIPTS OF ALL ENGAGED IN CANNABIS BUSINESS IN THE CITY TO CLOVERDALE TO A TIERED TAX RATE OF 3% FOR CULTIVATION, 1% FOR MANUFACTURING, 1% FOR DISTRIBUTION, 3.5% FOR RETAIL, AND TIERED RATE FOR MICROBUSINESSES AT THE CANNABIS TAX RATE APPLICABLE FOR EACH COMPONENT OF BUSINESS ACTIVITY.**

**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**, in accordance with Cloverdale Municipal Code Chapter 3.46, on October 24, 2017, the City Council adopted Resolution No. 076.2017 which imposed the Cannabis Business Tax 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; and

**WHEREAS**, the Cannabis industry presented a request to the City Council on March 9, 2022 to modify the cannabis excise rate to a tiered rate structure based on cannabis permit types for cultivation, manufacturing, distribution; and

**WHEREAS**, the City's current tax rate is higher than many neighboring jurisdictions, and the cannabis industry has cited the City' tax rate as a barrier to operating a long-term, successful cannabis business in Cloverdale; and

**WHEREAS**, legal cannabis businesses must compete against a robust illegal market, which is untaxed and unregulated; and

**WHEREAS**, the City Council desires to reduce the Cannabis Business Tax rate and establish different rates for different business types in order to ensure that cannabis businesses continue to operate in Cloverdale; and

**WHEREAS**, adjusting the Cannabis Business Tax will help maintain and grow a local revenue source for general City services and preserve local jobs; and

**WHEREAS**, pursuant to Cloverdale Municipal Code Section 3.46.070(B) the City Council desires to adjust the existing tax rate of 4.5% and establish different tax rates for different business types.

**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 Cloverdale Municipal Code Section 3.46.070(B), the Cannabis Business Tax is hereby imposed on all gross receipts on those engaged in cannabis business within the City of Cloverdale at the following rates for the following business types:

Cultivation:	Three Percent (3%)
Manufacturing :	One Percent (1%)
Distribution:	One Percent (1%)
Retail:	Three and One-Half Percent (3.5%)

Microbusinesses, and any other business engaged in more than one business type, shall pay the applicable tax rate on the gross receipts received for each business component. Revenue that is not directly attributable to a specific component of the business shall be allocated to each component in proportion to the overall revenue otherwise received by the business during that tax period

3. Cultivation, Manufacturing, Distribution, Retail, and Microbusiness shall have the same meaning as those terms are defined in Cloverdale Municipal Code Chapter 18.15.

4. This Resolution shall become effective immediately upon its passage and adoption. The tax rates established by this Resolution shall apply to gross receipts received on or after March 1, 2022.

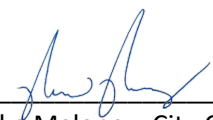
**REGULARLY PASSED AND ADOPTED** by the City Council of the City of Cloverdale on this 23<sup>rd</sup> day of March, 2022 by the following vote:

**AYES: (4) Mayor Lands, Vice Mayor Wolter, and Councilmembers: Bagby, Palla**  
**NOES: (0)**  
**ABSTAIN: (0)**  
**ABSENT: (1) Councilmember Cruz**

APPROVED:

Todd Lands  
Todd Lands (Jun 15, 2022 09:57 PDT)  
Todd Lands, Mayor

ATTEST:

  
Mike Maloney, City Clerk






# 031-2022

Final Audit Report

2022-06-15

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