



Local Ballot Measure: C

C

City of Redding General Business Tax on Cannabis Businesses

Ballot question

Shall the City of Redding adopt a business tax on cannabis cultivation businesses up to \$25 per square foot of cultivation area and on cannabis manufacturing, processing, laboratory testing, delivery, storage, distribution, and retail sale up to 10% of gross receipts, to enhance and maintain vital public safety services, reduce crime, and protect other general services with all funds to be spent for unrestricted general revenue purposes, generating approximately \$750,000 annually?

What your vote means

YES	NO
A "Yes" vote is a vote in favor of authorizing the cannabis business tax.	A "No" vote is a vote against authorizing the cannabis business tax.

For and against Measure C

FOR

Julie Winter, Redding City Council Member

Adam McElvain, Redding City Council Member

AGAINST



Local Ballot Measure: C

Arguments and replies are the opinions of the authors. We print them exactly as submitted, including errors.

Argument for Measure C

Since California voters enacted Proposition 64 to legalize recreational use of cannabis in 2016, over fifty local jurisdictions have enacted local tax measures on the cannabis industry for the privilege of operating within their local jurisdiction.

Measure C will ensure that commercial cannabis businesses operating within the City of Redding will pay their fair share of taxes. These taxes will be imposed on cannabis business owners specifically, not directly on cannabis consumers. A Yes on Measure C will benefit all residents of the City of Redding by ensuring that cannabis businesses contribute fairly to the costs associated with code enforcement and administration of their industry. The anticipated \$750,000 in tax revenue will also contribute to essential city services, such as police and fire protection, as well as other core city services that maintain the quality of life for our residents.

Whether you agree or not with the legalization of cannabis, it is critical that we tax the cannabis industry to ensure legal compliance and ensure that this industry does not create a burden on other city programs and services.

All funds generated by Measure C will stay in Redding to support local programs and services, with no monies going to Sacramento. Please join us in voting Yes on Measure C.

/s/ Julie Winter
Redding City Council Member

/s/ Adam McElvain
Redding City Council Member



Local Ballot Measure: C

Fiscal Analysis for Measure C

The passage of this measure would allow for the regulation and taxation of cannabis operations in the City of Redding. If approved, this measure would authorize a business tax on cannabis cultivation businesses up to \$25 per square foot of cultivation area and on cannabis manufacturing, processing, laboratory testing, deliver, storage, distribution, and retail sale up to 10% of gross receipts.

The initial cannabis business tax rates are as follows:

- a. Cultivation Initial Rate: \$3.00 per square foot of cannabis cultivation area.
- b. Manufacturing, Processing, Laboratory Testing, Storage, and Distribution Initial Rate: three percent (3%) of gross receipts.
- c. Retailer's Initial Rate: five percent (5%) of gross receipts. Sales to persons with a state issued medical identification care, issued for medical purposes, shall be excluded from the calculation of gross receipts for the purpose of the cannabis business tax.

After the term of one (1) year, the City Council of the City of Redding may, by resolution, modify the tax rates up to, but not to exceed, the amount authorized by the electorate.

The tax revenue generated would be available to enhance and maintain vital public safety services, reduce crime, and protect other general services with all funds to be spent for unrestricted general revenue purposes, generating approximately \$750,000 annually.



Local Ballot Measure: C

These revenues depend on a number of unknown factors, including the number and type of cannabis businesses permitted by the City, consumer demand for cannabis, competition from cannabis businesses located in other jurisdictions, and the price of cannabis which may change over time.

Actual revenues would be significantly less or more depending on the unknown factors discussed above.

/s/ Dennice Maxwell
Director of Finance



Local Ballot Measure: C

Impartial Analysis of Measure C

Voter approval of this measure would add Chapter 4.10 to the Redding Municipal Code to establish an Ordinance to impose a business tax on cannabis (marijuana) businesses operating in the City of Redding. The Ordinance will not go into effect unless a majority of those voting on the measure vote “yes.”

The proposed cannabis business tax would establish an excise on the following types of cannabis businesses in Redding: commercial cannabis cultivation businesses (including nurseries) and cannabis manufacturing, processing, laboratory testing, delivery, storage, distribution, and retail sale (including dispensaries). The cannabis business tax will apply only to persons engaging in business as a cannabis business. The Ordinance does not impose any sales or use taxes directly on cannabis users or consumers. The excise tax does not apply to the use of cannabis or the cultivation of cannabis for personal use as authorized by State law.

For commercial cultivation, the annual tax rate cannot exceed \$25 per square foot of cannabis cultivation area (adjusted annually by the CPI). For cannabis manufacturing, processing, laboratory testing, delivery, storage, distribution, and retail sale, the annual tax rate cannot exceed ten percent (10%) of annual gross receipts. The Ordinance allows the City Council to adjust the rates annually so long as they do not exceed the maximum rates stated in the Ordinance. Initial rates will be \$3 per square foot of cannabis cultivation area for cultivators, three percent (3%) of gross receipts for manufacturing, processing, laboratory testing, storage, and distribution, and five percent (5%) of gross receipts for retail sales. The initial rates are for one year.

The Ordinance requires all persons engaging in a cannabis business in the City to register with the City Director of Finance or designee for purposes of tax collection and includes procedures for tax reporting, remittance, enforcement, and appeals.



Local Ballot Measure: C

The measure, which was placed on the ballot by the Redding City Council, proposes a general tax from which the revenue would be placed in the City's general fund and may be used for any City purpose. If the measure is approved, the cannabis business tax will be effective ten days after the City Council certifies the results of the election and will continue in effect until repealed by the voters. The amount of revenue to be generated by the tax is estimated at \$750,000.

A "yes" vote is a vote in favor of authorizing the cannabis business tax. A "no" vote is a vote against authorizing the cannabis business tax.

/s/ Barry E. DeWalt
City Attorney

The above statement is an impartial analysis of Measure C. If you desire a copy of the measure, please call the Redding City Clerk's office at (530) 225-4044 and a copy will be mailed at no cost to you. You may also view the measure online at <https://www.cityofredding.org/home/showdocument?id=19790>.