CITY OF GREENFIELD MEASURE

CITY ATTORNEY'S IMPARTIAL ANALYSIS

(CANNABIS BUSINESS TAX)

If Measure O (Cannabis Business Tax) is passed by the voters, it would amend Title 5 of Greenfield's Municipal Code to add Chapter 5.10, establishing a new cannabis business tax.

The tax would apply to all persons and entities, including both for-profit and non-profit entities, involved in cannabis-related business activities within the City of Greenfield, including cultivation, transportation, manufacture, storing or selling cannabis or any cannabis derivatives. Cannabis also includes marijuana, as defined by California law.

The tax would not be imposed on persons engaged only in personal medical cannabis cultivation, as defined, or, if nonmedical use becomes legal in the state, to persons using nonmedical cannabis in accordance with state law.

If approved, each business engaged in commercial cannabis cultivation would pay an initial tax of $15 per square foot of canopy space authorized by City permit until June 30, 2020. Each year thereafter the tax would increase by $5 per square foot, not to exceed $25 per square foot. Then, beginning July 1, 2023, the tax would increase annually by a CPI inflater.

Each business engaged in commercial nursery cannabis cultivation would pay an initial tax of $2 per square foot of canopy space authorized by City permit until June 30, 2020. Each year thereafter the tax would increase by $1.50 per square foot, not to exceed $5 per square foot. Then, beginning July 1, 2023, the tax would increase annually by a CPI inflater. A nursery is a business that produces only immature plants, seeds or products used specifically for the planting, propagation and cultivation of cannabis.

All other cannabis businesses would pay a tax of 5% of gross receipts per fiscal year, or $50 per $1,000 of gross receipts. Beginning July 1, 2020, the tax rate would increase automatically by 2.5% per year, not to exceed the maximum tax rate of 10% per year, or $100 per $1,000 of gross receipts.

The proposed cannabis business tax is a general tax, the proceeds of which the City could use for any legal municipal purpose. The tax would be ongoing. This measure was placed on the ballot by the Greenfield City Council. Article XIII(C), Section 2(b) of the California Constitution requires that the electorate approve a new general tax by a majority vote before the City can establish the new tax.

A "yes" vote would approve the ordinance that would establish a tax on cannabis businesses.

A "no" vote does not approve the ordinance, and does not establish the tax on cannabis businesses.

Respectfully submitted,

Jennifer E. Faught, Interim City Attorney

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