



W

City of La Habra, City of La Habra Cannabis Business Tax/Regulation Ordinance of 2020

To fund municipal services including fire protection, 911/emergency medical response, public safety/senior program/preserve open space/address homelessness/retain small businesses/other general services shall an ordinance authorizing La Habra to impose a gross receipts tax up to 6% on commercial cannabis businesses until ended by voters, authorizing up to four cannabis delivery licenses; raising approximately \$1,000,000 - \$2,000,000 annually; with financial audits, all funds local, be adopted?

What your vote means

YES	NO
A "yes" vote authorizes the City Council of the City of La Habra to adopt an ordinance that permits up to four delivery-only cannabis businesses and that authorizes a cannabis business tax of up to 6% of gross receipts.	A "no" vote would not authorize the City Council of the City of La Habra to adopt an ordinance that permits up to four delivery-only cannabis businesses and would not authorize a cannabis business tax of up to 6% of gross receipts.

For and against

FOR	AGAINST
<p>Tom Beamish La Habra Resident</p> <p>Randy McMillan La Habra Resident</p> <p>Jerry Powell La Habra Resident</p>	<p>No argument against this measure was submitted.</p>

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City of La Habra

ORDINANCE NO. ____

AN ORDINANCE OF THE PEOPLE OF THE CITY OF LA HABRA, CALIFORNIA AUTHORIZING A CANNABIS GROSS RECEIPTS BUSINESS TAX AND AUTHORIZING THE CITY COUNCIL TO ADOPT AN ORDINANCE ALLOWING UP TO FOUR DELIVERY-ONLY (NON-STOREFRONT) RETAIL CANNABIS LICENSES

THE PEOPLE OF CITY OF LA HABRA ORDAIN AS FOLLOWS:**SECTION 1. Short Title.**

This Ordinance may be referred to as the "City of La Habra Cannabis Business Tax and Regulation Ordinance of 2020."

SECTION 2. Purpose.

The purpose of this Ordinance is to authorize the City Council to (i) impose a business tax on cannabis businesses in the City of La Habra and (ii) permit and regulate up to four non-storefront (delivery only) retail cannabis businesses.

SECTION 3. Authorization.

The City Council is authorized to impose, by ordinance, a cannabis business tax. Such tax shall be imposed upon and payable by persons engaged in cannabis businesses in the City. The rate of such tax shall be up to, but not exceed 2.5% of the gross receipts of all cannabis distribution businesses, up to, but not exceed 2.5% of the gross receipts of all cannabis testing businesses, and up to, but not exceed 6% of the gross receipts of all other cannabis businesses.

SECTION 4. Definitions.

For purposes of this Ordinance, "Cannabis Business" means any business that (i) is licensed by the state pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act (Business & Professions Code Section 26000 et seq.) and/or (ii) involves the retailing, wholesaling, manufacturing, distributing, cultivation or testing of cannabis or cannabis products or the operation of a cannabis nursery. Each definition set forth in Section 5.04.010 of the Municipal Code shall also apply to this Ordinance.

SECTION 5. Use of Funds and Accountability.

The purpose of this Ordinance is to authorize a tax for revenue purposes. Proceeds of any tax imposed under this authorization shall be deposited in the City's General Fund and available for any lawful municipal purpose. Proceeds of the tax shall be audited by an independent accountant as part of the City's annual financial audit and shall be annually reported to the public and presented to the City Council at a public meeting as part of the City's Comprehensive Annual Financial Report or separately from the City's Comprehensive Annual Financial Report.

SECTION 6. Administration.

Any tax imposed pursuant to this Ordinance shall be administered pursuant to Chapter 5.04 of Title 5 of the La Habra Municipal Code. For purposes of this Ordinance, "Gross Receipts" shall have the meaning set forth in Section 5.04.010(C) of the La Habra Municipal Code. Any tax imposed pursuant to this Ordinance is in addition to any other tax imposed by the City, including the generally applicable business license tax.

SECTION 7. Delivery-Only (Non-Storefront) Retail Cannabis Businesses.

The City Council is authorized to adopt an ordinance that provides for the regulation of and authorizes permits for the operation of up to four delivery-only retail cannabis businesses that do not have a retail storefront in the City at which customers may purchase cannabis in person.

SECTION 8. Interpretive Guideline.

This Ordinance does not itself (i) provide authorization to any person to conduct any business or activity in the City or (ii) alter the provisions of Chapter 18.22 of Title 18 of the La Habra Municipal Code. The adoption of this Ordinance is not meant to restrict the ability of the City Council to adopt any ordinance, resolution, or other enactment (including, but not limited to, ordinances permitting or restricting commercial cannabis businesses and land uses) that the City Council would have the ability to enact if this Ordinance were not in effect. Section 7 of this Ordinance shall neither be interpreted to: (i) impose on the City Council an obligation to authorize delivery-only cannabis businesses or (ii) imply that the City Council, absent this ordinance, could not adopt an ordinance of the type authorized by Section 7.

SECTION 9. Amendment.

The City Council, may, without a vote of the People, adopt ordinances that amend or supersede this ordinance in any respect. However, the City Council shall not, without a vote of the People, amend this Ordinance to (i) authorize a cannabis business tax in excess of the rates authorized by Section 3 of this ordinance or (ii) alter or reduce the authority of the City Council to set or reset the rate of any tax authorized by this Ordinance.

The City Council may not raise the rate of the tax authorized by this Ordinance above the rates authorized by Section 3 of this ordinance unless such increase is approved by the voters.

In any ordinance adopted pursuant to the authority of this Ordinance, the City Council may (i) set the tax at any rate that does not exceed the rates authorized by Section 3 of this ordinance for any taxpayer, (ii) increase or decrease the rate of the tax so long as no rate exceeds the rates authorized by Section 3 of this ordinance, (iii) create different rates for different classes of taxpayers, (iv) create exemptions to the tax, (v) create special procedures for the collection of the tax (including, but not limited to, requiring that the tax be paid in advance or that the tax be payable as often as monthly), and (vi) adopt, notwithstanding Section 6 of this Ordinance, any provisions for the administration and collection of the cannabis business tax



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that the City Council finds will contribute to the efficient and fair administration of the cannabis business tax.

SECTION 10. Severability.

If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The People of the City of La Habra hereby declare that they would have adopted this Ordinance, and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional, without regard to whether any portion of the Ordinance would be subsequently declared invalid or unconstitutional.

SECTION 11. Effective Date.

If approved by the voters, this ordinance will take effect on the tenth day following the certification by the City Council of the results of the election at which it is approved.

Impartial Analysis City of La Habra Measure W

The La Habra Municipal Code currently prohibits most commercial cannabis businesses from locating in the City.

The Municipal Code does allow the City to grant permits for up to four cannabis distribution facilities and up to four cannabis testing facilities. The operators of these facilities must be state-licensed, and must comply with specific requirements set forth in the Municipal Code regarding safety, security, and other matters. Retail sales of cannabis are not permitted, and no cannabis facilities are allowed in residential or non-industrial zones.

Like all businesses operating in the City, cannabis businesses must pay the City's business license tax. However, there is no additional tax applicable only to cannabis businesses.

The Medicinal and Adult-Use Cannabis Regulation and Safety Act (Prop 64) allows the City Council to adopt an ordinance that permits additional state-licensed cannabis businesses to locate in the City. The City Council cannot, however, approve a new tax on cannabis businesses without first submitting the tax to the voters.

Measure W would authorize the City Council to impose a tax on cannabis businesses in the City. Any such tax could not exceed 2.5% of gross receipts for distribution or testing businesses and up to 6% of gross receipts for other cannabis businesses. Such a tax could apply to all cannabis businesses, including those that might be allowed in the City in the future.

The Measure would also authorize the City Council to adopt an ordinance regulating and authorizing permits for the up to four delivery-only retail cannabis businesses that do not have a retail storefront in the City at which customers may purchase cannabis in person.

Proceeds of any tax authorized by this Measure would be deposited in the City's general fund and available for any lawful municipal purpose. The City Council has identified fire protection, 911/emergency medical response, public safety, senior program, preservation of open space, addressing homelessness, retaining small businesses and other general services as examples of services that can be funded from the general fund.

Proceeds of the tax would be audited annually by an independent accountant and the results of such audit would be annually reported to the public and presented to the City Council at a public meeting.

This measure was placed on the ballot by the City Council of the City of La Habra. The measure will be approved if it receives a majority vote of those casting ballots on the measure.

A "yes" vote authorizes the City Council of the City of La Habra to adopt an ordinance that permits up to four delivery-only cannabis businesses and that authorizes a cannabis business tax of up to 6% of gross receipts.

A "no" vote would not authorize the City Council of the City of La Habra to adopt an ordinance that permits up to four delivery-only cannabis businesses and would not authorize a cannabis business tax of up to 6% of gross receipts.

s/ Richard Jones
City Attorney



Argument in Favor of Measure W

Vote **YES on W**-maintain La Habra's 911 and core city services **WITHOUT raising taxes on residents or property owners.**

La Habra does not currently allow cannabis delivery businesses in our community, but California voters have legalized marijuana sales statewide. Whether we like it or not, recreational cannabis is legal in the State now, and we must keep all options flexible locally.

Someday, a future City Council or the community may want cannabis delivery businesses to be approved in the City. While that is not the current situation, we need to be ready for any scenario.

With this in mind, **YES on W** simply allows the City to collect a tax on commercial cannabis delivery businesses, should they be allowed to operate here in the future, while ensuring currently allowed cannabis businesses pay for their fair share of La Habra City services in the same manner as other businesses in the city.

YES on W funds public services **WITHOUT** raising taxes on La Habra residents. Only cannabis industry businesses pay for Measure W.

YES on W helps maintain and protect:

- 911 services, such as police, fire and paramedics
- Local groundwater supplies
- Vital senior meal and health programs
- Homelessness prevention
- Business support programs

By law, **YES on W** requires every penny stay in La Habra, to be used for the local services YOU rely on. Measure W funds CANNOT be taken by Sacramento politicians.

YES on W includes tough fiscal accountability protections, including public spending reports and annual independent financial audits to make sure that every cent is used effectively, efficiently and as promised to YOU—the La Habra taxpayer.

Join public safety, business, and community leaders- vote **YES on W**.

s/ Tom Beamish
La Habra Resident

s/ Randy McMillan
La Habra Resident

s/ Jerry Powell
La Habra Resident

No argument against this measure was submitted.