

Commercial Cannabis Ballot Measure

**Marc Zafferano, City Attorney
June 29, 2020**

AGENDA

- ▶ **Review background**
- ▶ **Review prior City Council direction**
- ▶ **Discuss features of a proposed cannabis tax ballot measure and obtain any direction**
- ▶ **Discuss next steps**

Background

- **Federal law**
 - **Controlled substance that's illegal to possess or sell**
- **State law**
 - **Proposition 64: Adopted 11-08-2016**
 - **Allows recreational use, possession, purchase, sale, distribution of specified amounts**
 - **Allows indoor cultivation of six plants for personal use**
 - **Allows most commercial activities subject to state license**
 - **Allows cities to regulate or prohibit some or all commercial activities**
 - **Imposes excise and sales tax totaling 22%**
 - **City would receive 1.5% in total sales tax including Measure G tax**

Background

- **San Bruno**
 - **Medical cannabis distribution facilities prohibited (Chapter 6.58, 2011)**
 - **Commercial cannabis activities prohibited except as allowed by state law (Chapter 6.59, 2018)**
 - **CC retains authority to repeal or modify**

Review Prior City Council Direction

- **April 28, 2020: City Council requested study session about placing cannabis measure on November 2020 ballot**
- **June 2 and 4, 2020: City Council discussed various aspects of regulatory and tax measures**
- **June 9, 2020: City Council direction to place cannabis tax measure on November 2020 ballot**
 - **Direction to not place regulatory measure on ballot**
 - **Authorized expenditures not to exceed \$30K for consultants, mailer, election costs**

Proposed Cannabis Tax Ballot Measure

- **Proposed ballot language**
 - Although no cannabis (marijuana) businesses are currently allowed in the City, shall an ordinance be adopted imposing an additional business license tax of up to 10% of gross receipts on cannabis businesses, until ended by voters, with annual audits and all funds for San Bruno (this tax will generate no revenue initially, but would generate revenue if, in the future, cannabis businesses are permitted or exist in the City)?

Proposed Cannabis Tax Ballot Measure

- **Similar to other successful measures**
 - **Authorizes City Council to reduce or modify tax in future, so long as not more than 10%**
 - **Preserves City Council discretion to permit cannabis businesses in future**

Proposed Cannabis Tax Ballot Measure

- **Actions required**
 - **2/3 vote of City Council (4 affirmative votes) required to place on ballot**
 - **One meeting to adopt resolution by July 28, 2020**
 - **Majority voter approval**

Next Steps

- **Provide any additional direction regarding cannabis tax ballot measure**
- **Resolution and ordinance would return to City Council for final action on July 28, 2020**
- **Ballot Measure and associated materials to County by August 8, 2020**