

Cannabis Operations Tax Ballot Measure for 2018 Primary Election

Santa Barbara County
Board of Supervisors
February 6, 2018



Direction from January

- Return on February 6 with a General Cannabis Operations Tax and a Special Cannabis Operations Tax
- Prepare options for imposing the tax in the unincorporated area of the County or Countywide

Possible actions today on . . .

- Introduction of an Ordinance imposing a cannabis operations tax by adding Chapter 50A to the County Code by title only; Waive reading of the entire ordinance
- Set second reading for next week when you will also adopt a Resolution with ballot measure and instructions to Elections
- Appoint members to draft argument in favor of the measure and return to the February 27, 2018 Board meeting for consideration

Option 1 – General Tax

- Requires the ballot measure to receive majority approval of the local electorate that casts a ballot on this measure
- A 4/5 vote of the Board is needed to adopt a resolution to approve a Board-initiated ordinance (Attachment 1) to impose the Cannabis Operations General Tax
- The draft resolutions and ordinances (Attachment 2) for Board consideration are included as attachments to this report for consideration on 2/13/2018
- Revenues may be used for any governmental purpose
- Revenues would be allocated through the annual budget process

Option 2 – Special Tax

- Requires the ballot measure to receive 2/3+ approval of the local electorate that casts a ballot on this measure
- A majority vote of the Board is needed to adopt a resolution to approve a Board-initiated ordinance (Attachment 3) to impose the Cannabis Operations General Tax
- The draft resolutions and ordinances (Attachment 4) for Board consideration are included as attachments to this report for consideration on 2/13/2018

Option2 – Special Tax Purposes

As a special tax, the revenue generated by this ordinance shall only be used for the following specific purposes:

- **Up to the first \$1,750,000 collected each fiscal year, to County departments for enforcement, investigation and civil or criminal prosecution activities related to unpermitted and unlicensed cannabis operations** in the unincorporated area of the County. Effective beginning July 2019, this amount will be adjusted annually utilizing the Los Angeles-Riverside-Orange County, CA Consumer Price Index, All Items for All Urban Consumers
- **The remainder of the funds collected each year shall be allocated among the following County departments in accordance with the County's Cannabis Revenue Allocation Policy:** Sheriff's Department, District Attorney, Public Defender, Behavioral Wellness, Public Health, Planning & Development and Agriculture Commissioner's Office. **The Cannabis Revenue Allocation Policy will be reviewed and approved annually by the Board of Supervisors at a duly noticed public meeting**
- County departments may be **funded first from the tax revenues for their actual administrative, legal, and tax administration costs, not to exceed 20%**

Unincorporated v. Countywide

- Current Option 1 and 2 ordinances impose the tax only in the unincorporated area
- Staff has the following alternative language to substitute at multiple places in the document:
 - “. . . the unincorporated area of the County . . .” becomes
 - “. . . the County . . .”

General Tax Ballot Measure

Shall the measure adding Chapter 50A to the Santa Barbara County Code imposing a Cannabis Operations Tax on cannabis operators within *unincorporated areas of* the County upon their gross receipts with rates of 1% on nurseries and distributors, 3% on manufacturers, 4% on cultivators and 6% on retailers and microbusiness with a cap of 8% for multiple operation types estimated to raise \$5 to \$25 million for general government services, with no end date, be adopted?

_____ **YES**

_____ **NO**

Special Tax Ballot Measure

Shall the measure adding Chapter 50A to the Santa Barbara County Code imposing a Cannabis Operations Tax on cannabis operators within *unincorporated areas of* the County upon their gross receipts with rates of 1% on nurseries and distributors, 3% on manufacturers, 4% on cultivators and 6% on retailers and microbusiness with a cap of 8% for multiple operation types estimated to raise \$5 to \$25 million for enforcement, health and other services, with no end date, be adopted?

_____ **YES**

_____ **NO**

Future Public Hearings

- **Today:** Board of Supervisors hearing on permitting and taxation ordinances
- **February 13, 2018:** Board hearing on the Administrative Agenda to adopt the permitting ordinance and taxation ordinance & reso
- **February 27, 2018:** Board hearing on argument in favor of the cannabis tax ballot measure and plan for “transition period”
- **March 20, 2018:** Board of Supervisors hearing on cannabis business licensing
- **March 2018 -June 2019:** Coastal Commission certification and Board hearing



Recommended Actions Today

That the Board:

- Consider Option 1 (General Tax) or Option 2 (Special Tax)
- Select one
- Determine imposing tax unincorporated only or countywide
- Consider introduction of an Ordinance imposing a cannabis operations tax by adding Chapter 50A to the County Code by title only; Waive reading of the entire ordinance
- Set a hearing on February 13, 2018 for a second reading of the Ordinance and to also adopt a Resolution with ballot measure and instructions to Elections
- Appoint members to draft argument in favor of the measure and return to the February 27, 2018 Board meeting for consideration; and
- CEQA findings