



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**Department Name:** CEO  
**Department No.:** 012  
**For Agenda Of:** February 13, 2018  
**Placement:** Administrative  
**Estimated Tme:** NA  
**Continued Item:** Yes  
**If Yes, date from:**  
**Vote Required:** 4/5

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**TO:** Board of Supervisors

**FROM:** Department Director(s) Mona Miyasato, County Executive Officer  
Contact Info: Dennis Bozanich, Deputy County Executive Officer

**SUBJECT:** Cannabis Operations Tax Ballot Measure for June 2018 Primary Election Ballot

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Treasurer-Tax Collector Concurrence**

As to form: Yes

**Recommended Actions:**

That on February 13, 2018, the Board of Supervisors (Board):

- a) Consider the adoption (Second Reading) of an Ordinance Adding Chapter 50A to the Santa Barbara County Code, Imposing a Tax on Cannabis Operations; and
- b) Consider the adoption of a Resolution proposing to impose a tax on cannabis operations, submitting the proposed Ordinance and ballot language to the electorate for approval, and requesting and ordering consolidation with the June 5, 2018 Primary Election (Attachment 2); and
- c) Determine that the above actions are not a project under the California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(4) of the CEQA Guidelines because they consist of the creation of government funding mechanisms which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

**Summary Text:**

The ability for the County to levy a Cannabis Operations Tax is provided under the California Revenue and Taxation Code Section 34021.5(a)(1). On February 6, 2018, the Board conducted a public hearing and first reading of an ordinance to add Chapter 50A to the Santa Barbara County Code imposing a

general tax on cannabis operations in the unincorporated areas of Santa Barbara County. At the conclusion of the public hearing 4/5 of Board members voted to support a general tax and set a hearing for February 13, 2018 to conduct a second reading of the ordinance, adopt the ordinance and consider adopting a resolution to impose the tax and submit it to the voters on the June 5, 2018 Primary Election ballot.

**Background:**

On February 6, 2018, staff provided the Board with options for placing either a general or special tax measure before the voters on the June 2018 ballot to impose a tax on cannabis operations. Following public comment and deliberations, the Board requested the removal of a vertical integration tax rate cap of 8% from the proposed general tax ordinance prior to the first reading. The Board voted to proceed with the General tax measure.

The resolution and ordinance attached contain changes directed by the Board.

**Fiscal and Facilities Impacts:**

**Budgeted:**

A decision to place the imposition of a Cannabis Operations Tax on the June 2018 ballot will cost the County in the range of \$50,000 - \$130,000 for our proportional share of ballot preparation and printing costs. If the Cannabis Operations Tax ballot measure is successful, approximately \$5 million to \$25 million in additional annual revenue would be received by the County.

**Attachments:**

**Attachment 1:** Proposed Ordinance for a General Tax on Cannabis Operations

**Attachment 2:** Resolution to place the Cannabis Operation General Tax measure on the June 2018 Primary Election ballot

**Special Instructions:**

The Clerk of the Board is requested to publish notice of the Ordinance in accordance with Govt. Code Section 25124.

**Authored by:**

Dennis Bozanich, Deputy County Executive Officer

**CC:**

Theo Fallati, Auditor-Controller  
Harry Hagen, Treasurer - Tax Collector