

MEASURE C
County of San Benito (NO Cities)
“Unincorporated Area”

Ballot Question

Shall an ordinance adding Article V of Chapter 5.03 to the San Benito County Code imposing a tax upon cannabis business activities in the unincorporated area of the County based on square footage or gross receipts rates: \$3-\$17 per ft.², increased annually based on Consumer Price Index, on cultivators: .5%-4% on distributors/laboratories, 2.5%-4% on manufacturers, .5%-8% on retailers, and 2.5%-5% on microbusiness, which revenue can be spent for unrestricted general revenue purposes, be adopted?

What your vote means?

YES	NO
A “Yes” vote is to approve imposition of the cannabis business activities tax.	A “No” vote is against imposition of the cannabis business activities tax.

What will you find in this pamphlet?

County Counsel’s Impartial Analysis
Auditor’s Fiscal Impact
Argument in Favor
NO Argument Against Submitted

The following statement is an impartial analysis of Measure C. If you desire a copy of the full text of the Ordinance, please contact the Department of Elections at:



<http://sbcvote.us/registrar-of-voters/elections-information/>



sbcvote@cosb.us



831-636-4016 / 877-777-4017

COUNTY COUNSEL’S IMPARTIAL ANALYSIS OF MEASURE C

If this measure is approved by a majority of those voting on it, it will add Article V to Chapter 5.03 of Title 5 of the San Benito County Code, authorizing the County of San Benito (“County”) to impose a tax on the privilege of engaging in cannabis business activities in the unincorporated area of the County. This tax measure does not allow cannabis business activities, but allows a tax to be collected if such activities are authorized by the Board of Supervisors.

The ordinance establishes the following tax rates based on square footage of canopy or gross receipts: \$3-\$17 per ft.², increased annually based on Consumer Price Index, on cultivators, 0.5%-4% on distributors and laboratories, 2.5%-4% on manufacturers, 0.5%-8% on retailers, and 2.5%-5% on microbusiness. The ordinance contains payment and reporting requirements and enforcement provisions and authorizes the Treasurer-Tax Collector to administer the tax. The tax and the reporting requirements imposed by the ordinance apply to all medicinal and non-medicinal cannabis business activities, not to persons who purchase or acquire cannabis from those businesses; Personal cultivation and personal use, as further delineated in the ordinance, are exempt from the tax. If enacted, the cannabis businesses are required to submit to the Treasurer-Tax Collector quarterly statements of their square footage of canopy or gross receipts, and pay a resulting tax. Definitions of "cannabis business," "cannabis business activities," "canopy," and "gross receipts" are set out in the ordinance.

The Cannabis Business Activities Tax is a general tax; the purpose of the tax is to raise revenue for general governmental purposes. All revenues from this tax will be deposited into the County's general fund and may be used for general County governmental services including, but not limited to, law enforcement, fire, emergency response, street maintenance and pothole repair, health services, parks, library services, economic development, and affordable housing, or any other expenditure per the Board's discretion. As a general tax, it will go into effect only if the tax is approved by a majority of the voters voting on the tax at an election.

The County Treasurer-Tax Collector would determine whether the penalties specified by the ordinance for delinquent tax should be imposed, and whether exemptions apply or refunds are owing. Audits may be conducted to determine whether additional tax is owed. Aside from monetary penalties for failure to pay the tax on time, the ordinance declares that violation of its provisions constitutes a misdemeanor. Payment of the Cannabis Business Activities Tax would not authorize the conduct of any illegal or unlawful business. The Board may delegate to another officer or employee duties assigned to the Treasurer Tax Collector under the ordinance.

This tax measure is placed on the ballot by resolution of the County Board of Supervisors.

A "yes" vote is to approve imposition of the cannabis business activities tax.

A "no" vote is against imposition of the cannabis business activities tax.

BARBARA J. THOMPSON, County Counsel

s/ SARAH M. DICKINSON, Interim Assistant County Counsel

AUDITOR'S FISCAL IMPACT FOR MEASURE C

Ballot Measure C, if approved, would impose a Cannabis Business Activities Tax (CBAT) of commercial non-medical and medical Cannabis related business activities within the unincorporated area of San Benito County (County). The measure will increase County general revenues while the collection and administration of the tax will have a relatively moderate impact on County expenditures. The CBAT, an excise tax, will vary based on business activity; cultivation, distribution, manufacturing, microbusiness, and retail. The CBAT will be a general tax which requires a 50% plus 1 vote of the public to be enacted into law. Use of general tax revenue is under the discretion of the Board of Supervisors and meant to fund general government activities such as road repair and construction, library services, and public safety.

The CBAT will be effective upon approval by a majority vote of the voters of Measure C. The CBAT is based on square footage or gross receipts with minimum and maximum rates: \$3 - \$17 per ft. on cultivators (increased annually based on Consumer Price Index), .5% - 4% on distributors/laboratories, 2.5% - 4% on manufacturers, .5% - 8% on retailers and 2.5% - 5% on microbusinesses.

There are many unknown variables in determining the fiscal impact to the County, including the permissible cannabis canopy acreage limits and the number of licensed cultivators that will be approved by the County's Cannabis Ordinance. In addition, market forces concerning the cannabis consumer market demand, competition from other counties cannabis businesses, and the market prices for cannabis, add complexity to estimating the fiscal impact.

Based upon surveys and interviews of legal experts and law enforcement, the estimated number of acres of the cultivation canopy of County operators in prior years has been between 25 and 30 acres. While at this time there are no known cultivators operating in the County, this historical estimate is the best approximation of future cannabis cultivation activity. Assuming the historical cultivation canopy estimated acreage range, the CBAT is expected to generate approximately between \$3.3 and \$3.9 million at the minimum tax rate. Reliable estimates for distribution, manufacturing, microbusiness, and retail cannabis activities could not be ascertained.

Expenditures related to Ballot Measure C would require increased staffing for the administration of the CBAT ordinance and overall County Cannabis plan. Additional administrative and clerical staff as well as facility improvements would be needed for the secure collection of CBAT revenues. These additional costs are estimated between \$200,000 to \$350,000 per year. CBAT expenditures would be funded by the revenue collected through cannabis taxes and other general purpose revenues.

s/ JOE PAUL GONZALEZ, County Auditor-Controller

ARGUMENT IN FAVOR OF MEASURE C

The tax will solely be paid by **marijuana businesses** and no one else. Taxing the marijuana industry will generate revenue, for essential county services, such as law enforcement, fire, parks and paving roads, from a **willing and eager tax base**.

The County of San Benito is currently in the process of deciding whether to allow Cannabis Business Activities in the unincorporated area of the County. This tax will only be collected if the County approves an ordinance allowing these activities. Measure C implements reasonable and fair taxation of cannabis business activities within the unincorporated County. Measure C places a tax on cannabis businesses **to support vital county services**.

The **County's goals** in regulating cannabis businesses are:

- Establish a new source of funding that benefits the entire community, by creating **new revenue for essential County services**.
- Create a fair and reasonable tax structure that supports financially stable cannabis businesses.
- **Protect the County's budget** from any additional costs of legalized marijuana and provides a source of funding for enforcement and other governmental purposes.
- Establish reasonable and comprehensive regulations that preserve the health and safety of our community.

Measure C will help the County achieve all four goals.

Measure C is fiscally responsible, timely and prudent. Our County receives **less revenue** than many other jurisdictions, resulting in a **lack of resources to fund essential county services**. Passage of this tax measure will ensure that the County receives its **fair share of cannabis taxation revenue**.

Vote YES on Measure C!

FOR INFORMATION PLEASE CONTACT:

Janet Slibsager, Clerk of the Board
(831) 636-4000, ex. 11, jslibsager@cosb.us

SAN BENITO COUNTY BOARD OF SUPERVISORS
s/ Anthony Botelho, Chair *

**=Signing on behalf of a Group or Association*

NO ARGUMENT AGAINST MEASURE C WAS SUBMITTED
