

Impartial Analysis  
Measure K  
Marijuana Business Tax

**Background:** In 1996, California voters approved Proposition 215, the Compassionate Use Act, to allow qualified patients to use marijuana for medical purposes. In 2016, California voters approved Proposition 64, the Marijuana Legalization Initiative, to allow adults 21 years old and older to use marijuana recreationally. In 2015, the City of Weed adopted ordinances to allow marijuana growing (cultivation) for medical use and to allow up to two alternative medical clinics to sell medical marijuana in the City. Proposition 64 and state law impose sales and other taxes on medical and recreational marijuana, but also allow cities and counties to regulate marijuana businesses and, with voter approval, to tax them.

**The Measure:** The Weed City Council put this measure on the ballot to allow voters to approve a tax on marijuana (cannabis) businesses in the City.

Those who grow marijuana for profit would pay a maximum yearly tax of \$10 per square foot of outdoor grow area, \$18 per square foot of grow area using natural and artificial light (mixed light), and \$26 per square foot of indoor grow area. These maximum tax amounts can be adjusted for inflation. Other marijuana businesses, including for-profit alternative medical clinics selling medical marijuana, would pay a tax of up to 10 percent of yearly gross receipts (all money received). The City Council could set the taxes at or below these maximum rates. These taxes would be instead of the business license tax most other businesses in the City pay.

Based on the experience of nearby cities, the City expects the tax to raise about \$50,000 a year. Tax proceeds could be used for any City service. The tax has no expiration date, but voters could reduce or repeal it at any election.

**Yes/No Statement:** A “yes” vote supports imposing the tax; a “no” vote opposes it. A simple majority of votes cast (50% plus 1) will approve or defeat the measure.

s/Michael G. Colantuono  
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