

City Attorney's Impartial Analysis of Measure T

The City of Hesperia ("City") regulates cannabis activities under Chapter 5.50 of Title 5 and Title 16 of the Hesperia Municipal Code. The City regulates personal cultivation and prohibits all commercial activities, except for medical cannabis delivery operations under state license classification M-9 (Non-Storefront) that have received a City permit.

The Hesperia City Council voted to place Measure T on the ballot for the November 6, 2018 general municipal election. If passed by the voters, Measure T will impose a tax on all commercial cannabis activities in the City, including activities that are currently prohibited. However, Measure T is a tax measure only and will not permit any new types of cannabis activities.

Measure T will impose a permanent general tax of not less than one percent (1%) and not more than six percent (6%) on all commercial cannabis activities except cultivation (the "Non-Cultivation Tax"). Measure T will also impose a tax of up to \$15 per square foot of space used for commercial cannabis cultivation per fiscal year (the "Cultivation Tax"), which may be increased annually pursuant to the Consumer Price Index. The Non-Cultivation Tax and the Cultivation Tax are collectively the "Tax."

The Tax is not a sales or use tax and shall not be calculated or assessed as such. The estimated revenue from the Tax will depend on several factors, but based on an assumption of a gross revenue of \$4,400,000 from 11 delivery operations, taxed at 3.5% (the midpoint between 1% and 6%), the Tax is estimated to annually generate \$154,000. The actual revenue could be higher or lower than the estimate. The revenue could change in the future if other types of cannabis activities are permitted. The actual tax rate for the Tax may be set by the City Council from time to time, except that the Tax cannot be higher than the maximum or lower than the minimum rates without further voter approval.

The revenues generated from the Tax will be deposited into the City's general fund and used for unrestricted general revenue purposes, such as public safety and public works improvements.

Measure T will also establish regulations to administer the Tax, including collection, enforcement, penalties and refunds. All of the regulations established by Measure T may be amended or repealed by the City Council from time to time.

A "Yes" vote approves taxing commercial cannabis activities in the City. A "No" vote disapproves taxing commercial cannabis activities in the City. Measure T will take effect only if a majority of voters vote "Yes" at the November 6, 2018, general municipal election.

/Eric Dunn
City Attorney
City of Hesperia



The above statement is an impartial analysis of Measure T. If you desire a copy of the ordinance or measure, please call the Hesperia City Clerk's Office at (760) 947-1007 and a copy will be mailed at no cost to you.