

Impartial Analysis
City of Barstow
March 3, 2020 Cannabis Special Tax Measure

Summary: The City Council has placed the Cannabis Business Special Tax Measure on the ballot, which would enact a cannabis business license special tax on the gross receipts of adult-use and medicinal cannabis businesses operating in the City. If approved by two-thirds of voters, the measure would amend the Barstow Municipal Code to add Title 3, Chapter 3.33, Cannabis Business Tax, allowing the City of Barstow to impose the tax. If the voters approve the cannabis tax, then the companion ordinance allowing cannabis businesses will also take effect, permitting cannabis businesses to operate in specified parts of Barstow if approved by a land use permit.

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 to allow adults 21 years old and older to use cannabis recreationally. This state law also created a state regulatory system governing the cannabis industry. Proposition 64 and state law impose sales and other taxes on recreational cannabis and some medical cannabis entities and allow cities and counties to regulate cannabis businesses and, with voter approval, to tax them.

The City Council of the City of Barstow adopted a resolution submitting this proposed tax to voters. At the same time, the City Council also adopted an ordinance regulating cannabis businesses, requiring land use permits, and specifying allowed locations, operating restrictions, and security and public safety protection requirements for cannabis businesses in Barstow. This land use ordinance only takes effect if the voters approve this proposed cannabis tax.

The Measure: The City Council put this measure on the ballot to allow voters to approve a tax on cannabis businesses in the City. If approved, persons growing cannabis would pay a maximum yearly tax of thirty dollars (\$30) per square foot of grow area or cultivation space. Other cannabis businesses would pay a tax of up to fifteen (15%) percent of yearly gross receipts (all money received). The City Council could set the taxes at or below these maximum rates. The City expects the tax to raise approximately one-hundred thousand dollars (\$100,000) per year. This is a special tax, requiring fifty percent of the revenues raised to be used for law enforcement and fifty percent to be used for other general City services. 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 two-thirds majority of votes cast will approve or defeat the measure.

Matthew T. Summers, Assistant City Attorney for

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City Attorney, City of Barstow
October 28, 2019

FILED
OCT 30 2019
BY *[Signature]* DEPUTY
REGISTRAR OF VOTERS

The above is an impartial analysis of Measure ____. A complete copy of the tax ordinance appears on the City's website at www.barstowca.org. If you would like a copy of the ordinance, please call (760) 256-3531 and a copy will be mailed at no cost to you.