

IMPARTIAL ANALYSIS OF MEASURE MA

By Charles Parkin, City Attorney

Voter approval of Measure MA would amend the Long Beach Municipal Code to update the City's business license tax on medical and non-medical marijuana businesses, if such businesses should be legalized. This is a "general tax" that must be approved by a majority of voters. Revenues from the tax would be deposited in the City's general fund to pay for general City services, such as public safety, 9-1-1 emergency response, police officers and homeless assistance programs.

Currently, Long Beach has a tax on medical and non-medical marijuana (i.e., recreational) businesses which was approved by voters in 2014. It established a maximum 10% gross receipts tax and a maximum \$50 per square foot cultivation tax. This tax currently covers marijuana dispensaries, cultivators, manufacturers, testers and distributors.

A marijuana related voter-petition initiative measure is also on this ballot (Long Beach Measure MM), which would reduce the City's maximum gross receipts tax rate from 10% to 6%, and limit collection of this tax to retail marijuana dispensaries. Marijuana manufacturers, testers and distributors (who do not retail) would pay no gross receipts tax – only the minimum \$1,000 annual tax. Measure MM would also reduce the cultivation tax to a maximum of \$10 per square foot.

Measure MA was placed on the ballot by the City Council as a competing measure in order to propose alternative marijuana tax rates to those in Measure MM. Measure MA, if approved, would update these tax rates to:

- Six to eight percent (6-8%) of gross receipts for medical marijuana dispensaries;
- Eight to twelve percent (8-12%) of gross receipts for non-medical (i.e., recreational) marijuana dispensaries;
- Six to eight percent (6-8%) of gross receipts for processing, distributing, transporting or testing marijuana and marijuana-related products; and
- Twelve to fifteen dollars (\$12-15) per square foot for marijuana cultivation.

All marijuana businesses would still be required to pay a minimum tax of one-thousand dollars (\$1,000.00) annually. The taxes set by Measure MA could be increased or decreased, within the established ranges, by the City Council provided the maximum rates listed above are not exceeded.

Measure MA would require annual expenditure reports by the City Manager and is estimated to raise approximately \$13 million annually in general fund revenue.

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To be adopted, Measure MA must be approved by a majority of eligible Long Beach voters, and must also receive a higher number of affirmative votes than Long Beach Measure MM. This Measure MA conflicts and competes with the taxes set forth in Section 2 of Measure MM. It does not conflict with any of the other medical marijuana regulations of Measure MM.

A “yes” vote on this proposition is a vote to approve the updated medical and non-medical (i.e., recreational) marijuana business license tax rates if such businesses are legalized. A “no” vote is a vote to reject these tax rates.

The above statement is an impartial analysis of Measure MA. If you desire a copy of the Measure, please call the City Clerk’s office at (562) 570-6101 and a copy will be mailed at no cost to you.