

IMPARTIAL ANALYSIS OF MEASURE MM

By Charles Parkin, City Attorney

The City of Long Beach currently bans medical marijuana businesses, including dispensaries, cultivation, manufacturing, distribution, and delivery activities.

Measure MM would repeal this ban. It would permit and regulate medical marijuana dispensaries, cultivation facilities, manufacturing, distribution, and delivery operations. The City Council determined that Measure MM obtained sufficient petition signatures to qualify for the November 8, 2016, ballot.

Using population estimates, Measure MM would allow between 26 and 32 storefront medical marijuana dispensaries. Measure MM requires the City to issue the maximum number of storefront dispensary licenses, but sets no limit on the number of non-dispensary licenses (e.g., cultivators, manufacturers, distributors, etc.). It would establish a priority system requiring the City to issue licenses to applicants who were successful in a 2010 City lottery.

Medical marijuana businesses could not be located in exclusively residential zones, within 1000 feet of schools or beaches, or within 600 feet of parks or libraries. Storefront dispensaries could not be located within 1000 feet of one another, although this restriction does not apply to cultivation, manufacturing, or other marijuana businesses. Marijuana businesses would be subject to applicable food handling, testing, labeling, and packaging regulations.

Measure MM would also amend the City's current marijuana business license tax, which voters approved in 2014. This tax covers dispensaries, cultivators, manufacturers, testers, and distributors. The current maximum rate is 10% on gross receipts and up to \$50 per square foot for cultivation sites. Measure MM would reduce the maximum gross receipts tax rate from 10% to 6%, and limit collection of this tax to storefront dispensaries. Marijuana manufacturers, testers and distributors (who do no retail) would pay no gross receipts tax – only a minimum \$1,000 annual tax. Measure MM would also reduce the cultivation tax to a maximum of \$10 per square foot. City license fees would be limited to 150% of the average business license fee charged to non-marijuana personal service businesses.

The City has identified the following potential impacts of Measure MM:

- Significantly greater administrative and legal resources required to evaluate applications, issue licenses, program oversight, and address unlicensed marijuana businesses that will attempt to establish themselves in light of removing the current ban.
- With no upper limit on licenses for cultivators, manufacturers, testers, or distributors, up to 100 non-dispensary businesses could potentially operate within the City.

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- Because Measure MM reduces the City's current marijuana tax rate and base, significantly less tax revenue will be generated from medical marijuana businesses to offset the City's costs of administering the program and addressing secondary effects (e.g., law enforcement, code enforcement, fire/emergency response, zoning/building/planning, etc.).

For a more detailed discussion of potential impacts, we refer you via the hyperlink below to Staff's impact report to the Council on August 2, 2016.

<http://www.longbeach.gov/cityclerk/elections/ballot-measure-information/>

Measure MM requires simple majority approval to pass, except that Section 2 of Measure MM must also receive more votes than competing Measure MA to pass.

A "Yes" vote will approve Measure MM.

A "No" vote will not approve Measure MM.

The above statement is an impartial analysis of Measure MM. 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.