

# Measure MA

City of Long Beach Marijuana Tax

November 2016

# What is Measure MA?

- Sets a gross receipts tax for sales of both medical and recreational marijuana, and establishes a tax on marijuana cultivation, processing, testing and distribution in the City
- Measure MA does not determine if medical and recreational marijuana should be allowed in Long Beach

# How would the Measure MA Revenue be spent?

- Measure MA is a general tax to fund City services such as:
  - Public Safety (Police and Fire)
  - 911 emergency response
  - Regulation of the marijuana industry
  - Homeless assistance programs
- It is estimated that Measure MA would raise approximately \$13 million annually, if both medical and recreational marijuana sales were allowed in Long Beach

# Who pays the Measure MA tax?

- Only those purchasing marijuana at a dispensary and marijuana businesses pay the tax
- General members of the community who do not purchase, cultivate, test, or process marijuana will not pay any additional taxes

# What are the other measures on the ballot related to marijuana?

- Measure MM is an initiative ordinance placed on the ballot by citizen petition. It specifies how medical marijuana businesses will be allowed to operate in Long Beach, if approved by the voters
- Proposition 64 is a statewide ballot measure to legalize recreational marijuana in California

# Why did the City Council put Measure MA on the ballot?

- Should Long Beach voters approve medical or recreational marijuana, the City would need significant financial resources to properly regulate the industry
- It would be necessary to spend approximately \$12 million annually -- on medical marijuana alone – to cover the regulatory, enforcement, and health and safety costs
- Measure MM will not fully offset these costs
- The City Council placed this competing measure on the ballot for voters to consider

# Do other cities tax marijuana?

- Long Beach studied 16 other California cities for their tax rates
- These cities tax the marijuana industry at different rates, with rates up to 15% of gross receipts
- The rates proposed under Measure MA would be at approximately the midpoint

# What are the specific tax rates under Measure MA?

- Medical marijuana sales would be taxed at 6-8% of gross receipts, initially set at 6%
- Recreational marijuana sales would be taxed at 8-12% of gross receipts, initially at 8%
- Distributing, processing, transporting, or testing of marijuana (when not performed by the dispensary that also sells the final product to customers) would be taxed at 6-8% of gross receipts, initially set at 6%
- Cultivation of marijuana would be taxed at \$12-15 per square foot, initially set at \$12 per square foot



# What happens if Measure MA is not approved?

- If voters approve Measure MM to allow medical marijuana, and do not pass Measure MA, the revenue the City would receive would be lower:
  - Recreational Marijuana would not be taxed
  - Manufacturing, transportation, testing and distribution would pay a maximum of \$1,000 rather than a gross receipts tax

# What happens if both Measure MA and Measure MM pass?

- If both pass, medical marijuana will be allowed to operate in the City of Long Beach, subject to those regulations contained in Measure MM
- The City's tax rate will depend on which of the two Measures receives more votes
- The Measure receiving the highest number of votes will set the tax rates

# What happens next?

- On November 8, voters will decide whether or not to:
  - Establish the tax rates under Measure MA
  - Allow medical marijuana sales under Measure MM, with specified tax rates
- If Proposition 64 passes, the City Council would consider under what circumstances recreational marijuana would be allowed, if at all

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