

RESOLUTION NO. 14477

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN RAFAEL:

- 1) **CALLING A SPECIAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY JUNE 5, 2018; AND**
- 2) **ORDERING THE SUBMISSION OF A PROPOSITION OF LEVYING A SPECIAL COMMERCIAL CANNABIS BUSINESS TAX TO THE QUALIFIED VOTERS OF THE CITY OF SAN RAFAEL AT THE SPECIAL MUNICIPAL ELECTION TO BE HELD ON JUNE 5, 2018; AND**
- 3) **REQUESTING CONSOLIDATION WITH ANY OTHER ELECTION CONDUCTED ON THE SAME DATE; AND**
- 4) **REQUESTING ELECTION SERVICES BY THE REGISTRAR OF VOTERS; AND**
- 5) **REQUESTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS OF THE MEASURE; AND**
- 6) **SETTING THE INITIAL CANNABIS BUSINESS TAX RATES SHOULD THE PROPOSED BALLOT MEASURE PASS ON JUNE 5, 2018.**

WHEREAS, the Charter of the City of San Rafael, Article IV, Section 1, authorizes the City Council to call a special municipal election; and

WHEREAS, on November 5, 1996, the California Voters enacted Proposition 215 to legalize medical use of cannabis, and in October 2015, the Governor signed into law the Medical Marijuana Regulation and Safety Act (now known as the Medical Cannabis Regulation and Safety Act or MCRSA), establishing a state licensing framework and authorizing local regulation of the medical cannabis industry; and

WHEREAS, on November 8, 2016, California voters enacted Proposition 64 to legalize adult recreational use of cannabis and to allow businesses that support such cannabis use to operate legally, subject to regulations imposed by state and local public entities; and

WHEREAS, for the past year, the City of San Rafael's Medical Cannabis Ad-Hoc Subcommittee has been working to develop local regulatory policies; and

WHEREAS, the permitting and support of this industry, in association with the earlier Passage of Proposition 215, and the recent enactment of MCRSA and passage of Proposition 64, has significant cost implications for the City of San Rafael due to the cost of adopting and implementing new regulations to govern this new industry, enforcing these regulations, ensuring public safety, and providing economic development services; and

WHEREAS, the City's existing general business tax ordinance, which generally levies a limited business tax on all businesses operating in San Rafael, is insufficient to generate the volume of revenue needed to pay the City's costs of allowing the new and unique cannabis industry to operate in San Rafael; and

WHEREAS, adopting such a local cannabis industry business special tax measure in the City of San Rafael will benefit residents of the City by ensuring that cannabis businesses contribute to pay towards the costs associated with allowing this emerging industry to operate in San Rafael, while allowing the City to continue to maintain stable funding for essential City services and continued quality of life; and

WHEREAS, the City recognizes the volatility of the newly-legalized cannabis market and will therefore set limited initial tax rates to balance the financial needs of the City and the desire of the City to support and encourage the industry to engage in a regulated market; and

WHEREAS, such a measure will provide locally-controlled revenue that cannot be taken by the State; and

WHEREAS, such a measure will help to maintain the City's long-term financial stability, with public oversight and annual fiscal reviews; and

WHEREAS the City Council of the City of San Rafael may request the Board of Supervisors of the County of Marin to consolidate the special municipal election with any other election conducted on the same date; and

WHEREAS, the City Council of the City of San Rafael may request election services by the County Clerk of Marin County, California;

NOW THEREFORE, BE IT RESOLVED that pursuant to the requirements of the laws of the State of California there is called and ordered held in the City of San Rafael, County of Marin, State of California, on Tuesday, June 5, 2018, a special municipal election of the qualified electors of San Rafael, for the purpose of submitting to the electors of the City a proposition of levying a Special Cannabis Industry Business Tax.

BE IT FURTHER RESOLVED that there shall be submitted to the voters of the City at the special municipal election to be held on June 5, 2018 the proposition attached hereto as Attachment “A” and incorporated herein by reference, to be known and referred to as the “SAN RAFAEL SPECIAL CANNABIS BUSINESS TAX MEASURE” or as “Measure ____”. *[designation to be assigned by County Registrar of Voters]*

BE IT FURTHER RESOLVED that pursuant to Section 13247 of the Elections Code, the Council hereby directs the Registrar of Voters to use the following abbreviation of the tax proposition on the ballot:

<p>“To maintain/enhance City of San Rafael services, with funding that cannot be taken by Sacramento, including: enhancing police and fire services, repairing potholes/maintaining streets, enhancing community centers, and administering a cannabis oversight program; shall the City of San Rafael’s ordinance levying, until repealed, a tax of up to 8% on cannabis (marijuana) businesses’ gross receipts in the city, eventually ramping up to approximately \$1,000,000 in new funding annually, requiring independent citizen oversight and financial audits be adopted?”</p>	<p>YES NO</p>	<p>_____ _____</p>
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BE IT FURTHER RESOLVED that the Registrar of Voters of the County is hereby requested to reprint the full text of the proposition, which is all that portion of this Resolution set forth in Attachment A, in the voter information pamphlet to be distributed to voters pursuant to Section 13307 of the Elections Code. In the event the full text of the proposition is not reprinted in the voter information pamphlet, the Registrar of

Voters is hereby requested to print, immediately below the impartial analysis of the tax proposition, in no less than 10-point boldface type, a legend substantially as follows:

“The above statement is an impartial analysis of Measure _____. If you desire a copy of the measure, please call the San Rafael City Clerk at 415-485-3065 and a copy will be mailed at no cost to you.”

BE IT FURTHER RESOLVED that the Board of Supervisors of the County of Marin, is hereby requested to:

1. Consolidate said election with any other election conducted on the same day; and

2. Authorize and direct the County Clerk, at City expense, to provide the following election services and to canvass the results of said election:

- Provide Voter Indexes
- Provide Voter Count by Precinct
- Provide Drayage and Rental of Polling Places
- Provide Printing of Sample and Official Ballots
- Provide Printing of Measures and Arguments
- Appoint and Notify Election Officers
- Mail Sample Ballots and Polling Place Notification
- Provide Precinct Supplies
- Provide Training of Precinct Workers
- Provide Processing of Vote by Mail Ballots
- Provide Central Counting
- Provide Canvass of Votes Cast
- Provide such other services as are necessary to conduct the Special Municipal Election

BE IT FURTHER RESOLVED that:

1. The ballots to be used at the election shall be in both form and content as required by law.

2. The polls for said election shall be opened at seven o'clock (7:00 a.m.) on the day of said election and shall remain open continuously from said time until 8:00

o'clock (8:00 p.m.) of the same day when said polls shall be closed, except as provided in Section 14401 of the Elections Code of the State of California.

3. In all particulars not recited in this Resolution, the election shall be held and conducted as provided by law for holding special municipal elections in said City.

4. Notice of the time and place of holding the election is hereby given and the City Clerk is hereby authorized, instructed and directed to give such further or additional notice of said election in time, form, and manner as required by law.

5. Pursuant to Elections Code section 9285, the City Council of the City of San Rafael hereby directs the City Clerk to accept rebuttal arguments submitted to the Clerk within ten (10) days after the final date for filing direct arguments.

6. Pursuant to California Elections Code Section 9280, the City Council of the City of San Rafael hereby directs the City Attorney to prepare an impartial analysis of said ballot Measure.

7. The City of San Rafael recognizes that additional costs will be incurred by the County by reason of this consolidation and agrees to reimburse the County for any costs.

8. Initial cannabis business tax rates, should the proposed ballot initiative pass on June 5, 2018, shall be set as follows for a term of 2 years beginning the day the Ordinance goes into effect:

- A. Cannabis Infused Products: 3% of gross receipts
- B. Delivery Non-Storefront Retail: 4% of gross receipts
- C. Cannabis Testing Labs: 1%
- D. Cannabis Distribution: 1%

9. This Resolution shall be effective immediately upon its adoption by the City Council.

10. The City Clerk is directed to submit a certified copy of this Resolution to the Board of Supervisors of the County of Marin.

I, LINDSAY LARA, Clerk of the City of San Rafael, hereby certify that the foregoing Resolution was duly and regularly introduced and adopted at a regular meeting of the City Council of said City held on the Monday, the 5th day of March, 2018 by the following vote, to wit:

AYES: COUNCILMEMBERS: Bushey, Colin, Gamblin, McCullough & Mayor Phillips

NOES: COUNCILMEMBERS: None

ABSENT: COUNCILMEMBERS: None



LINDSAY LARA, City Clerk