

## CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE X

The Sonoma City Council unanimously voted to place Measure X on the ballot. If adopted by a simple majority of the voters, Measure X would establish a new Cannabis Business Tax on any and all businesses engaged in a business involving cannabis (marijuana) or industrial hemp, including cultivating, transporting, delivering, manufacturing, testing and retailing, whether or not for gain or profit and covering all cannabis business activities irrespective whether for medicinal or adult-use purposes. Measure X would become effective on January 1, 2021.

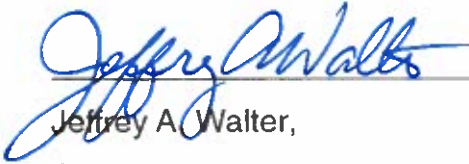
Currently, there is no Cannabis Business Tax imposed on persons engaged in a cannabis business within the City. If approved, Measure X would impose a tax on the privilege of conducting a cannabis business within the City of up to 4% of the annual gross receipts of all cannabis businesses engaged in retail sales, manufacturing, processing and/or any other type of cannabis business not specifically identified in the Measure. Cultivation, testing, and distribution businesses are specifically identified and for those businesses, the maximum tax rate varies but it is less than 4% of those businesses' annual gross receipts.

Under Measure X, the City Council is authorized to adopt the effective tax rate for each type of cannabis business by separate action. The City Council may raise or lower the tax rate from time to time; however, the tax rate may not exceed the maximum rate specified in the Measure unless authorized by another vote of the voters.

The tax is only imposed on commercial cannabis businesses and is not a sales tax imposed on individuals purchasing adult-use or medical cannabis, industrial hemp or their by-products. The tax does not apply to personal use of cannabis or personal cannabis cultivation as authorized by or exempted from licensing under State law.

The proposed measure is a general tax, and therefore the revenues generated would be placed in the City's general fund and may be used for any local government purpose. The measure is estimated to generate approximately \$200,000.00 annually. The tax would remain in effect until repealed by the voters.

A "Yes" vote would approve the cannabis business license tax on cannabis businesses. A "No" vote would reject the cannabis business license tax.

  
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Jeffrey A. Walter,  
Sonoma City Attorney

**TO COUNTY ELECTIONS OFFICIALS:**

**IF THE ENTIRE TEXT OF THE MEASURE IS NOT PRINTED ON THE BALLOT,  
NOR IN THE VOTER INFORMATION PORTION OF THE SAMPLE BALLOT,  
PLEASE PRINT THE FOLLOWING LANGUAGE IMMEDIATELY BELOW MY  
IMPARTIAL ANALYSIS, AND BEFORE MY SIGNATURE BLOCK. THANK YOU.**

The above statement is an impartial analysis of Measure X. If you desire a copy of the Measure, please call the elections official's office at 707-933-2216 and a copy will be mailed at no cost to you.