

**Impartial Analysis
City of Huntington Beach
Measure A**

Measure A is submitted to the voters by the Huntington Beach City Council and would amend the Huntington Beach Municipal Code to establish a Cannabis Business Tax that would apply to commercial cannabis businesses that may operate in Huntington Beach, as defined in the proposed ordinance.

Background

On March 1, 2022, the Huntington Beach City Council approved submission of an ordinance for voter approval to amend the Huntington Beach Municipal Code ("HBMC") to establish a special tax that would apply to commercial cannabis businesses that may operate in Huntington Beach. The ordinance would establish both (i) a not-to-exceed rate of 6% local special tax on the gross receipts received by any cannabis retail business; and (ii) a not-to-exceed rate of 1% local special tax on any other cannabis business, including but not limited to indoor cultivation, manufacturing, testing laboratory, and distribution. The special tax must be approved by 2/3 of the voters in Huntington Beach, the proceeds of which would be deposited into a special City fund for police services for public safety, behavioral health and homeless prevention, and intervention programs and services. The special tax to be presented at a special election consolidated with the Statewide Primary Election in June of 2022.

The City Council cannot repeal this special tax, or set any adjusted rate that exceeds the maximum rates.

The Measure

If passed, Measure A would amend the HBMC to impose a special tax on commercial cannabis businesses as defined in the proposed ordinance. The tax would apply even if the business was operating illegally; however, the Measure does not authorize or permit otherwise illegal business activity. Monies from the proposed Cannabis Business Tax would be deposited into a special City fund to be used only for police services for public safety, behavioral health and homeless prevention, and intervention programs and services. The amount of the tax would depend on the gross receipts of the business. The tax is imposed on commercial cannabis businesses, and is not a sales tax imposed on qualified patients or primary caregivers.

The Measure sets taxation rates that could be adjusted by the City Council periodically, so long as the rates do not exceed the maximum rates approved by voters. The Cannabis Business Tax would be paid in arrears, on a monthly basis and failure to timely pay would result in certain increasing fines and penalties.

Measure A requires approval by 2/3 of the voters. A "yes" vote for Measure A will establish a Huntington Beach Cannabis Business Tax if commercial cannabis businesses ever become allowed. A "no" vote against Measure A will not establish such a tax.

The above statement is an impartial analysis of Measure A. Copies of the text of the proposed ordinance is available in the City Clerk's Office, public libraries, and on the City's website at <https://huntingtonbeachca.gov/>. For more information, contact the City Clerk's Office at (714) 536-5227.

s/ Mike Vigliotta
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