

Marijuana Legalization in Lompoc Ad hoc Committee Report  
6/20/2017

Based on the public attendance at all three meetings held to hear the community's support of Prop 64 by 58%, the committee recommends to council that a cannabis ordinance encompassing both medical and recreational industries be drafted for the city of Lompoc. It should encompass all aspect of the industry including manufacturing, cultivation, retail and delivery, testing, distribution and transporting. The ordinance should dovetail with Prop 64 and any additional state legislation that is in process, should consider business sustainability and address health and safety, fees and monitoring and compliance. It is the full cost recovery for not only creating but implementing the ordinance will need to be carefully addressed to reduce the impact of the industry on the community. Taxation should reasonable and staggered allowing entry into the industry, but providing a new revenue stream.

Some examples of ordinance currently being reviewed or implemented that the committee would like staff to consider are the ordinances for Shasta Lake, Santa Rosa and Los Angeles. In particular the city of Los Angeles has preferences for employing local residents as well as issuing permits to locally based entities.

"The city of Santa Rosa tax proposal encourages cannabis businesses to enter the regulated market, provide tax certainty to cannabis businesses, and ensure the city has adequate revenue to regulate its cannabis industry:

For cultivators: for the first two years (if the ballot is approved) 2% of gross receipts or \$5.00 per square foot of cannabis cultivation area, at the taxpayer's election. After two years the tax is scheduled to increase to 8% of gross receipts or \$25 per square foot.

For manufacturers: the initial two year tax rate will be 1% of gross receipts and will increase to 8% after the two year term.

For dispensaries: the initial two year tax rate will be 3% of gross receipts (only applicable to non-medical use) and will increase to 8% after the two year term.

For distributors: the initial rate will be 0% but distributors will be subject to the standard city business tax under Santa Rosa City Code Chapter 6-04) – after two years this rate will also be set at 8%."

Finally, while there are many calling for the legalization of cannabis industry in our community to resolve our budget issues, it would be short-sighted to predict the tax revenue and the sustainability of the industry as more communities welcome the concept. It is a new revenue stream and should not be ignored given the 58% of voter support locally.

#### Research and Reference Links

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