

Impartial Analysis of Measure K

Measure K has been placed on the ballot by the Dixon City Council. Measure K, if approved, would enact an Ordinance that amends the City of Dixon's Municipal Code to authorize the Dixon City Council to impose a business license tax of up to fifteen percent (15%) of the gross receipts of any marijuana-related business.

The legalization of marijuana for recreational or other non-medical use will be included on the statewide ballot on November 8, 2016. In addition, under the Medical Marijuana Regulation and Safety Act ("MMRSA"), the State of California is currently developing a licensing system to govern the cultivation, processing, transporting, testing, and distribution of medical marijuana to qualified patients throughout the State. On January 12, 2016, in response to MMRSA, the City of Dixon adopted an ordinance prohibiting the cultivation and distribution of medical marijuana in order to retain local land use control of medical marijuana cultivation, dispensaries and distribution, and to allow additional time for the City Council to consider how to best address the changing legal status of marijuana use within City limits.

If Measure K is adopted by the qualified city voters on November 8, 2016, the City Council will be authorized (but not required) to impose a business license tax on marijuana businesses, broadly defined to include (1) all commercial cultivation distribution related to medical marijuana, if the current City prohibition on medical marijuana dispensaries is eventually lifted or amended, and (2) all commercial activities related to non-medical marijuana, if such use is legalized by California voters and such business are eventually allowed in the City. The City Manager will be authorized to establish procedures to collect the marijuana business license tax, and the Finance Director will be authorized to audit any businesses submitting such taxes to the City. The City will also be authorized to establish penalties and fines to enforce the payment of the marijuana business license taxes.

The proposed marijuana business license tax is a general tax because the proceeds from the tax would go into the City's general fund, and would be used to fund general municipal services. The California Constitution requires that the electorate approve a general tax by a majority vote. Before the City Council can establish the tax rates for marijuana businesses, a majority of qualified City voters must approve the measure. If approved, the City Council would be authorized to impose a business license tax rate up to 15%, by way of resolution, on marijuana-related businesses only.

A 'YES' vote, by a majority of the voters, would approve proposed amendments to the Dixon Municipal Code to establish a business license tax of up to 15% of the gross receipts of a marijuana business in Dixon.

A 'NO' vote would disapprove proposed amendments to the Dixon Municipal Code to establish a business license tax of up to 15% to be paid by an authorized marijuana business in Dixon.

/s/

Douglas White, City Attorney
City of Dixon

The above statement is an impartial analysis of Measure K. If you desire a copy of the measure, please call the City clerk at (707) 678-7000 and a copy will be mailed at no cost to you.