



CITY COUNCIL AGENDA REPORT

Meeting Date: January 16, 2020

From: Clay Holstine, City Manager

Subject: Resolution Establishing the Business License Tax Rates for Cannabis Businesses for 2020

City Council Goals

Fiscal Stability
Economic Development

Purpose

To establish for calendar year 2020 the business license tax rate that will be imposed on cannabis businesses in Brisbane under Section 5.20.025, Brisbane Municipal Code.

Recommendation

Adopt Resolution 2020-02 establishing the business license tax rate that will be imposed on cannabis businesses for 2020.

Background

At the general election in 2019, Brisbane voters approved an ordinance that imposes a business license tax on various types of cannabis businesses that may locate in Brisbane. As to the amount of the tax, the ordinance establishes a floor of one percent of a business's gross receipts and provides various ceilings as to the percentage. For example, for commercial cannabis retail operations, the ceiling is five percent of the gross receipts; for commercial cannabis distribution operations, the ceiling is two percent of the gross receipts. The ordinance contemplates that the City Council will establish annually what tax rate will be imposed on the various cannabis businesses.

Discussion

The Council's Cannabis Committee met on December 4, 2019 to discuss this matter and recommended the following tax rates for the cannabis businesses.

1% for commercial cannabis testing operations (the Committee actually recommended .5% but the ordinance requires a minimum of 1%).

1% for commercial cannabis distribution operations.

3% for commercial cannabis manufacturing operations.

3% for commercial cannabis retail operations

1% for all other commercial cannabis operations

That recommendation is embodied in the attached resolution.

Fiscal Impact

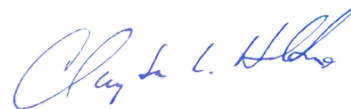
Currently there is only one cannabis business operating in Brisbane, a commercial cannabis distribution business and staff believes this business will generate \$10,000,000 in gross receipts. Assuming that is so, the business would pay \$ 300,000 for its business license tax for 2020. When and if other cannabis businesses begin to operate in Brisbane, additional business license taxes will be collected.

Attachment

Resolution 2020-02



Michael Roush, Legal Counsel



Clay Holstine, City Manager

RESOLUTION NO. 2020-02

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BRISBANE
ESTABLISHING THE BUSINESS LICENSE TAX RATES FOR CALENDAR YEAR
2020 FOR COMMERCIAL CANNABIS BUSINESSES OPERATING IN BRISBANE
UNDER SECTION 5.20.025 OF THE BRISBANE MUNICIPAL CODE**

WHEREAS, Section 5.20.025 of the Brisbane Municipal Code, as approved by Brisbane voters in November 2019, imposes an annual business license tax on persons and businesses engaged in the business of commercial cannabis operations in the City of Brisbane; and

WHEREAS, Section 5.20.025 provides that the amount of the tax to be imposed is based on a percentage of the business's gross receipts and establishes a floor of 1% and a ceiling that varies from 2% to 6%, depending on the type of cannabis business; and

WHEREAS, Section 5.20.025 provides that the City Council by resolution will establish the tax rate to be imposed on the various cannabis businesses; and

WHEREAS, the Council Committee has made a recommendation as to the various tax rates for calendar year 2020.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BRISBANE AS FOLLOWS:

1. The business license tax for calendar year 2020 for commercial cannabis businesses operating in Brisbane shall be:

For commercial cannabis testing operations, 1% of gross receipts;

For commercial cannabis distribution operations, 1% of gross receipts;

For commercial cannabis manufacturing operations, 3% of gross receipts;

For commercial cannabis retail operations, 3% of gross receipts; and

For all other commercial cannabis operations, 1% of gross receipts.

2. This Resolution shall take effect immediately upon its adoption.

Terry O'Connell, Mayor

I hereby certify that the foregoing Resolution 2020-02 was duly and regularly adopted at the regular meeting of the Brisbane City Council on January 16, 2020 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT

Ingrid Padilla, City Clerk