



## **MEASURE C INFORMATION**

### **Business License Tax on Non-Medical Marijuana Sales**

#### **What is Measure C?**

Measure C would establish a business license tax up to 10% of the annual gross receipts of non-medical (recreational) marijuana businesses, if such businesses become legal and permitted in California and in Davis

#### **Does Measure C legalize marijuana?**

No. Measure C puts in place a tax on businesses selling recreational marijuana if and only if recreational marijuana becomes legal in the future.

Existing State law does not currently allow the sale of recreational marijuana, and Davis does not currently permit medical marijuana dispensaries to locate or operate within the City. If approved, Measure C would generate business license taxes on recreational marijuana businesses only if such businesses become legal under State law, and the City amends its Zoning Code to permit or authorize legal recreational marijuana businesses to locate and operate within the City.

#### **What is a business license tax?**

The City currently imposes a business license tax on all businesses operating within the City limits. Businesses pay this tax at different rates based on the type of business being conducted. If approved, Measure C would impose an annual business license tax of up to 10% on the gross receipts of recreational marijuana businesses.

#### **What defines a marijuana business?**

A marijuana business includes any facility, building, structure or location, whether fixed, mobile, permanent or temporary, which plants, cultivates, harvests, transports, manufactures, compounds, converts, processes, prepares, stores, packages, distributes and/ or provides wholesale or retail sales of marijuana. It excludes dispensaries that only provide medical marijuana for medical purposes and the legal cultivation of marijuana for personal use.

#### **Why is Measure C on the ballot:**

California voters will likely be voting on a measure in November to legalize recreational marijuana. The City Council has placed Measure C on the June 2016 ballot proactively to put a business license tax in place should recreational marijuana become legal.

#### **How long does Measure C last?**

If approved, Measure C will continue in effect until repealed by City Council or City voters.

#### **Does Measure C affect medicinal marijuana?**

No. Measure C does not apply to medicinal marijuana sales.

#### **How much revenue will measure C raise?**

In the event Measure C is approved, it is estimated to raise \$200,000 annually, if a recreational marijuana business or businesses open in Davis. Business license tax revenue is a general tax, which goes into the City's general fund and can be used for any legal governmental purpose.