

BEFORE THE BOARD OF SUPERVISORS, COUNTY OF SAN BENITO

**A RESOLUTION OF THE SAN BENITO COUNTY)
BOARD OF SUPERVISORS ESTABLISHING)
CANNABIS BUSINESS TAX RATES IN) RESOLUTION NO. 2019-20
ACCORDANCE WITH CHAPTER 5.03 OF TITLE 5)
OF THE SAN BENITO COUNTY CODE IMPOSING)
A TAX ON CANNABIS BUSINESS ACTIVITIES)**

WHEREAS, on March 6, 2018, the San Benito County Board of Supervisors adopted Resolution No. 2018-7, to submit to the voters of San Benito County an ordinance imposing a cannabis business activities tax on cannabis businesses in the unincorporated area of the County of San Benito, calling for an election, and consolidating said election with the statement primary on June 5, 2018; and

WHEREAS, on June 5, 2018, the voters of unincorporated San Benito County approved Chapter 5.03 imposing a cannabis business activities tax on cannabis businesses in the unincorporated area of the County of San Benito, thereby adding Chapter 5.03 of Title 5 to the San Benito County Code; and

WHEREAS, on December 11, 2018 the San Benito County Board of Supervisors adopted Ordinance No. 974, amending Chapter 7.02 of Title 7 of the San Benito County Code regulating Cannabis Business Activities and establishing the Cannabis Business Regulatory Program; and

WHEREAS, pursuant to section 7.02.090, subdivision (B) of the San Benito County Code, all cannabis businesses shall pay all sales, use, business and other applicable taxes, including, but not limited to, the San Benito County Cannabis Business Activities Tax set forth in accordance with Chapter 5.03; and

WHEREAS, pursuant to section 5.03.162 of the San Benito County Code, the County Board of Supervisors may, by resolution of the Board, set the initial Cannabis Business Activities Tax rates for all persons engaged in any cannabis business activity in the unincorporated area of the County, subject to the applicable minimum and maximum rates set forth therein; and

WHEREAS, on March 5, 2019, the Board adopted Resolution No. 2019-19, setting forth the initial Cannabis Business Activities Tax Rates to be imposed upon all cannabis businesses within the unincorporated area of the County of San Benito; and

WHEREAS, it was discovered that the tax rate adopted on March 5, 2019 for the Cannabis Business Activity Type: Microbusiness (Non-Retailer) exceeded the maximum rate as approved by the voters on June 5, 2018 (Measure C), which set forth a range of 2.5 – 3.5% of gross receipts; and

WHEREAS, the Cannabis Business Activities Tax Rates schedule should be adjusted to reflect rates that fall within the applicable minimum and maximum rates as approved by the voters on June 5, 2018; and

WHEREAS, the proposed Cannabis Business Activities Tax Rates included on the schedule, attached hereto and incorporated herein as Exhibit A, fall within the applicable minimum and maximum rates set forth in section 5.03.162 of the San Benito County Code as approved by the voters of San Benito County on June 5, 2018; and

WHEREAS, pursuant to Government Code section 53739 and section 5.03.162, subdivision (C)(3) of the San Benito County Code, the tax amounts applicable to Cultivation-Type Cannabis Business Activities may be adjusted for inflation and shall increase by the most recent change in the annual average of the Consumer Price Index ("CPI") for all urban consumers in the San-Francisco-Oakland-San-Jose areas as published by the United States Government Bureau of Labor Statistics; and

NOW, THEREFORE BE IT RESOLVED, that the San Benito County Board of Supervisors hereby adopts the Cannabis Business Activities Tax Rates set forth in Exhibit A, attached hereto and incorporated herein, to be imposed upon all cannabis businesses within the unincorporated area of the County of San Benito immediately and beginning on July 1, 2020, and on July 1 of each succeeding fiscal year thereafter, the Cannabis Business Activities Tax imposed on Cultivation-Type Cannabis Businesses shall be adjusted for inflation in accordance with section 5.03.162, subdivision (C)(3) of the San Benito County Code; and

BE IT FURTHER RESOLVED, that the San Benito County Treasurer-Tax Collector shall collect the taxes, penalties, fees, and perform the duties required under Article V of Chapter 5.03; and

BE IT FURTHER RESOLVED, that this resolution shall supersede Resolution No. 2019-19.

PASSED AND ADOPTED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN BENITO THIS 19TH DAY OF March, 2019 BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

Date: _____

By: _____
Mark Medina, Chairman

ATTEST:
Janet Slibsager, Clerk of the Board

APPROVED AS TO LEGAL FORM:
Barbara Thompson, County Counsel

By: _____

By: _____
Sarah M. Dickinson
Deputy County Counsel

Exhibit A

Cannabis Business Activities Tax Rates	
Cannabis Business Activity Type: Cultivation	Per Square Foot
Nursery	\$5.00
Indoor (specialty cottage)	\$5.00
Indoor (specialty)	\$5.00
Indoor (small)	\$5.00
Indoor (medium)	\$5.00
Indoor (large)	\$5.00
Mixed-Light (specialty cottage)	\$5.00
Mixed-Light (specialty)	\$5.00
Mixed-Light (small)	\$5.00
Mixed Light (medium)	\$5.00
Mixed-Light (large)	\$5.00
Cannabis Business Activity Type: Distribution	% Gross Receipts
Distributor	4%
Distributor (Transportation-Only)	4%
Cannabis Business Activity Type: Manufacturing	% Gross Receipts
Manufacturing (Level 1)	4%
Manufacturing (Level 2)	4%
Cannabis Business Activity Type: Microbusiness	% Gross Receipts
Microbusiness (Non-Retailer)	3.5%
Cannabis Business Activity Type: Retailer	% Gross Receipts
Out-of-County Delivery-Only	3%
Cannabis Business Activity Type: Testing Laboratory	% Gross Receipts
Testing Laboratory	1.25%