

## CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE \_\_\_\_

The City Council of the City of Laguna Woods has placed a measure (“Measure”) on the November 8, 2022 ballot to ask voters to adopt an ordinance that would enact a tax on cannabis businesses if such businesses are ever permitted in Laguna Woods in the future (“Cannabis Business Tax Ordinance”).

Laguna Woods currently prohibits cannabis businesses citywide. This Measure will not determine whether cannabis businesses should be permitted in Laguna Woods. This Measure will not change Laguna Woods’ existing prohibition on cannabis businesses. Permitting cannabis businesses in Laguna Woods would require an amendment to the Laguna Woods Zoning Code.

This is solely a tax measure. Like other local taxes, the California Constitution requires voter approval to impose a tax on cannabis businesses. Absent a declared emergency, the City Council can only submit a city-sponsored tax measure to voters at the general election held in November of even numbered years.

If approved, this Measure would impose a tax on any future cannabis businesses at the higher of the following rates:

- \* For retail cannabis businesses — 4% to 10% of gross receipts or \$5 to \$35 per square foot; and
- \* For all other cannabis businesses — 1% to 10% of gross receipts or \$1 to \$35 per square foot.

The City Council would select tax rates within these voter-approved ranges. The top of the range for the rates based on square footage would automatically increase each year to account for inflation.

If cannabis businesses are permitted in the future, the proceeds of this tax would go to the Laguna Woods’ general fund to be used for city services, programs, and projects. Because this Measure does not limit the use of tax revenue, State law considers it a “general tax,” not a “special tax” that restricts funds to a specific purpose. The estimated proceeds of this tax are \$750,000 per year, but actual revenues would vary depending on the tax rates the City Council selects and the type and number of cannabis businesses that are permitted. If no cannabis businesses are permitted, the proceeds of this tax will be \$0.

A “Yes” vote is a vote in favor of adopting the tax on cannabis businesses. A “No” vote is a vote against adopting the tax on cannabis businesses. If a simple majority (i.e., more than 50%) of voters vote “Yes,” then this Measure will be approved, and the Cannabis Business Tax Ordinance will be adopted.

Dated: June 6, 2022



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Alisha Patterson, City Attorney

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The above statement is an impartial analysis of Measure \_\_\_\_\_, the Cannabis Business Tax Ordinance. If you desire a copy of the Ordinance, please call the elections official's office at (949) 639-0512 and a copy will be mailed at no cost to you.