

**CITY OF RANCHO CORDOVA
MEASURE H**

H CANNABIS BUSINESS TAX MEASURE. Shall an ordinance be adopted requiring cannabis (marijuana) businesses to pay a tax to fund general municipal services, including police and code enforcement, ranging from \$120 to \$150 per \$1,000 of gross receipts, or \$100 per square foot of space for non-profit organizations. The tax would only be effective if Proposition 19, or if any other law allowing cannabis businesses is adopted, and it would only be imposed if the City allows cannabis businesses.

IMPARTIAL ANALYSIS OF MEASURE H

Prepared by Rancho Cordova City Attorney

The Rancho Cordova City Council has placed Measure H on the November 2, 2010 general municipal election ballot which asks voters to adopt an ordinance that would amend Rancho Cordova's Municipal Code to add a new Chapter 3.80 entitled "Cannabis Business Tax."

If approved by a majority of voters at the November 2, 2010 election, Measure H would establish a new excise tax on cannabis businesses that are authorized to operate within the City of Rancho Cordova. Measure H defines cannabis businesses broadly to include all businesses that sell, cultivate, manufacture, process, and test marijuana.

Under Measure H, cannabis businesses would be taxed at rate of \$120 for each \$1,000.00 of gross receipts totaling \$1 million or less, and then \$150 for each \$1,000.00 of gross receipts over \$1 million annually. For cannabis businesses that elect to obtain non-profit status, the tax rate would be \$100 per square foot annually.

The proposed Cannabis Business Tax is a general tax, and therefore the revenues from the tax would be placed in the City's general fund for the usual expenses of the City and then may be used for general governmental purposes, such as providing code enforcement and police services. Pursuant to Article XIII(C), Section 2(b) of the California Constitution, in order for the Cannabis Business Tax to be approved, the electorate must adopt Measure H by a majority vote.

If approved by the voters of the City of Rancho Cordova on November 2, 2010, Measure H, adding a new Chapter 3.80 entitled "Cannabis Business Tax" to Rancho Cordova Municipal Code, would take effect only if Proposition 19, the "Regulate, Control and Tax Cannabis Act of 2010" is adopted by the voters of the State of California or if any other State or Federal law allowing such businesses is subsequently adopted. In addition, the tax would only be imposed if the Rancho Cordova City Council allows for the establishment of cannabis businesses within Rancho Cordova in the future. The Rancho Cordova Municipal Code currently does not permit any type of cannabis business to operate within Rancho Cordova.

A "yes" vote is a vote to adopt the Cannabis Business Tax.

A "no" vote is a vote against adopting the Cannabis Business Tax.

s/Adam Lindgren,
City Attorney

FULL TEXT OF MEASURE H

"The above statement is an impartial analysis of City of Rancho Cordova Ordinance No. 18-2010, adding chapter 3.80 to the Rancho Cordova Municipal Code with respect to a cannabis business tax. If you desire a copy of the ordinance, please access the City of Rancho Cordova website at: <http://www.cityofranhocordova.org/Index.aspx?page=67>, or call the Office of the City Clerk, City of Rancho Cordova, at (916) 851-8720 and a copy will be mailed at no cost to you."

ARGUMENT IN FAVOR OF MEASURE H

The existing policy of the City of Rancho Cordova is that marijuana dispensaries are not allowed to open in our community. With Proposition 19 on the November ballot, we cannot be sure how long our policy will remain in place.

Your YES vote on Measure H will let the City of Rancho Cordova impose a tax on any future commercial or non-profit businesses engaged in selling marijuana. The funds raised would offset the added costs for regulation, including inspections, code and law enforcement, and other actions that are important to maintain the health and safety of our community.

Measure H does not endorse the use or sale of marijuana, but it will ensure the City has the funds for regulation and oversight if our City policy ever changes for any reason. If Proposition 19 passes, or any future state or federal law allowing such businesses is ever adopted, your City Council will be able to impose a tax on cannabis/marijuana businesses if Measure H is passed

Protecting the City residents and businesses is the foremost concern of the City Council and, to this end, Measure H is needed so the additional services that these businesses require will be available. Only the businesses engaged in the activities would be taxed, the residents and other businesses would not, so this is a user-based tax, to support the increased oversight these businesses would require.

A YES vote on Measure H allows the City of Rancho Cordova to protect the safety, rights and comforts of the residents of the City of Rancho Cordova.

s/Ken Cooley, Mayor
City of Rancho Cordova

s/Linda Budge, AICP, Council Member
City of Rancho Cordova

s/Jeffrey M. Morris,
Retired California Highway Patrol Lieutenant

s/Michael E. Mitchum, Past President
Cordova Community Council

s/Stephen P. Serrott,
Retired Small Business Owner

ARGUMENT AGAINST MEASURE H

Don't be fooled. This is a tax on the patients who need medical marijuana more than it is a tax on the businesses that supply the medicine. Medical marijuana is a prohibitively expensive medication for many patients who are legally qualified to use it. On top of the cost of the medication, patients pay 8.75% in sales tax. The proposed additional tax of up to 15% -- for a total of nearly 24% - - will place an even greater tax burden on sick patients and make an expensive medication even more unaffordable. In the United States, patients are not taxed for the other prescription medication they need. Why should medical marijuana be treated any differently? Americans for Safe Access, the country's leading medical marijuana patients' rights group, opposes placing any further tax burden on medical marijuana patients. Vote NO on Measure H.

s/Kris Hermes, Media Director
Americans for Safe Access

REBUTTAL TO ARGUMENT AGAINST MEASURE H

The argument against Measure H is mistaken. Measure H has nothing to do with medical marijuana, and everything to do with the sale of marijuana for ANY purpose. Measure H is proposed in response to Proposition 19, the state ballot measure seeking to legalize marijuana for recreational purposes.

Since becoming a city in 2003, Rancho Cordova has kept a sharp focus on using our available resources to strengthen and improve our city. Our goal is to build and safeguard a better future for Rancho Cordova.

Measure H will help ensure our community has the tools to maintain our current momentum of improving the community. Measure H will provide the City with resources to deal with problems related to the legalization of marijuana. This measure is drafted to be very targeted in its impact, but its benefits and effects will be felt across our community.

Your "YES" vote on Measure H will make sure that the city can continue to strike a fair balance between any and all rights California gives our citizens and our community's right to protect our neighbors and neighborhoods.

s/Ken Cooley, Mayor
City of Rancho Cordova

s/Linda Budge, AICP, Council Member
City of Rancho Cordova

s/Stephen P. Serrott,
Retired Small Business Owner