

JUL 26 2018

MARK CHURCH, Chief Elections Officer

RESOLUTION NO. 15692

By: [Redacted] DEPUTY CLERK

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDWOOD CITY CALLING AN ELECTION TO BE CONSOLIDATED WITH THE GENERAL MUNICIPAL ELECTION AND STATEWIDE GENERAL ELECTION ON NOVEMBER 6, 2018, AND SUBMITTING TO THE VOTERS AT THAT ELECTION A MEASURE IMPOSING A CANNABIS BUSINESS TAX

WHEREAS, Sections 37101 and 37100.5 of the California Government Code authorize the City to levy a license tax, for revenue purposes, upon business transacted in the City; and

WHEREAS, as a result of recent voter-approved changes to state law, there has been strong interest by cannabis businesses to open in the City; and

WHEREAS, cannabis businesses are likely to create demands upon City services, and the City does not currently impose any taxes upon cannabis businesses, aside from generally applicable municipal taxes; and

WHEREAS, the City Council desires to seek to impose a license tax upon cannabis businesses, to be known as the "Cannabis Business Tax"; and

WHEREAS, the Cannabis Business Tax cannot be imposed without voter approval; and

WHEREAS, the City Council desires to submit a Cannabis Business Tax measure to the voters of the City at the General Municipal Election to be held on Tuesday, November 6, 2018, and to be consolidated with the statewide election to be held on that date; and

WHEREAS, the proposed Cannabis Business Tax is more completely described in the ordinance attached hereto as Attachment "A" and incorporated herein by reference (the "Tax Ordinance").

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

SECTION 1. Calling the Election. Pursuant to the California Elections Code sections 9222 and 10403, the City Council hereby calls an election to be consolidated with the City's general municipal election and statewide general election to be held on November 6, 2018, for the purpose of submitting the proposed measure described above and set forth in Exhibit A (attached hereto), to a vote of the qualified voters of the City of Redwood City, and hereby requests the Board of Supervisors of the County of San Mateo to consolidate this election with the November 6, 2018, statewide general election to be held on that date. The consolidated election shall be held and conducted in the manner prescribed by Elections Code section 10418.

SECTION 2. Request for Services and conduct of Election. The Board of Supervisors of the County of San Mateo is hereby requested to permit the County Elections Official to render specified services to the City relating to the conduct of the election, and is hereby authorized to canvass the returns of said municipal election, and said election shall be held in all respects as if there were only one election and only one form of ballot. The County shall certify the results of the canvass of the returns of said election to the City Council of this City which shall thereafter declare the results thereof. In all particulars not specified in this resolution, the election shall be held and conducted as provided by law for holding municipal elections.

SECTION 3. Submission of Measure to the Voters. Pursuant to Elections Code sections 9222 and 10403, the City Council hereby orders the measure proposing a Cannabis Business Tax to be submitted to the qualified voters of the City of Redwood City on the general municipal election and statewide general election on November 6, 2018. The Cannabis Business Tax shall be assessed on all cannabis (marijuana) businesses at an annual rate which shall not to exceed 10% of gross receipts for each business, and the City of Redwood City shall collect the tax from the businesses on a monthly basis. The full text of the measure that shall be voted on is attached hereto as Exhibit A.

SECTION 4. Ballot Question. The City Council, pursuant to California Elections Code sections 13119 and 10403, hereby orders that the abbreviated form of the measure shall appear on the ballot as follows:

City of Redwood City Cannabis Business Tax Measure. Shall the measure funding police patrols, after-school recreation programs and other general city services by imposing a cannabis business tax on all cannabis (marijuana) businesses at an annual rate which shall not exceed 10% of gross receipts of each business, which is expected to generate an estimated \$210,000 annually and will be levied until repealed by the voters, requiring annual audits and with all funds staying in Redwood City, be adopted?	3 7 YES 9 8 12 10 10 NO 10
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SECTION 5. Impartial Analysis by City Attorney. The City Clerk is hereby directed to transmit a copy of the measure attached hereto as Exhibit A to the City Attorney, who shall prepare an impartial analysis of the measure in accordance with California Elections Code section 9280. The City Attorney shall submit the impartial analysis to the City Clerk no later than August 14, 2018 at 5:00 P.M.

SECTION 6. Written Arguments. Pursuant to California Elections Code sections 9282 and 9285, the City Council authorizes the Mayor to draft, select authors and submit or file the direct argument in support of the measure and the rebuttal argument to the argument against the measure, if any. Pursuant to California Elections Code section 9285(b), the City Council hereby authorizes rebuttal arguments if arguments have been filed in favor of or against the measure. The deadline for submitting ballot

arguments for or against the measure shall be 5:00 P.M. on Tuesday, August 14, 2018. Proposed arguments shall not exceed 300 words and shall be submitted to the Office of the City Clerk. The deadline for submitting rebuttal arguments shall be 5:00 P.M. on Friday, August 24, 2018. Proposed rebuttal arguments shall not exceed 250 words and shall be submitted to the Office of the City Clerk. The provisions of Elections Code section 9285(a) shall apply to the submittal of rebuttal arguments.

SECTION 7. City Clerk. The City Clerk is hereby directed to file a certified copy of this resolution with the San Mateo Clerk of the Board of Supervisors and the County Registrar of Voters in sufficient time so that the measure may be included on the November 6, 2018, general municipal election and statewide general election ballot. The City Clerk is hereby directed to perform all other acts that are required for submitting the measure to be voted on at the November 6, 2018, City municipal election and statewide general election. The text of the proposed amendment shall not appear in the voter pamphlet given its length and resulting expense, but the Clerk shall post the proposed measure on the City's website and provide any person a copy of the measure upon request.

SECTION 8. Notice. Notice of the time and place of the election on the proposed measure is hereby given, and the City Clerk is authorized, instructed and directed to give further or additional notice of the calling of the Consolidated Election, in the time, form and manner as required by law.

SECTION 9. Majority Vote. Pursuant to Article XIII.C of the Constitution, this measure shall be approved if a majority (50% +1) of those voting on the measure approve it. The Cannabis Business Tax is a general tax that makes additional funding available for the unrestricted general purposes of the City.

SECTION 10. Form of Ballot. The ballots to be used at the election shall be in form and content as required by law.

SECTION 11. Certification. The City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.

SECTION 12. CEQA. This action is not a project and is exempt from the California Environmental Quality Act (CEQA) pursuant to section 15378(b) (3) of CEQA Guidelines, as it concerns the submittal of a measure to the voters of the City.

SECTION 13. Effective Date. This Resolution shall become effective upon its adoption.

* * *

Passed and adopted by the Council of the City of Redwood City at a
Joint City Council/Successor Agency Board/Public Financing Authority Meeting
thereof held on the 23rd day of July 2018 by the following votes:

AYES: Aguirre, Borgens, Gee, Howard, Masur, Seybert and
Mayor Bain

NOES: None

ABSENT: None

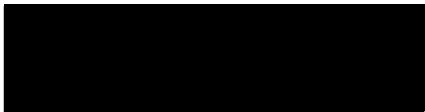
ABSTAINED: None

RECUSED: None



Ian Bain
Mayor of the City of Redwood City

Attest:



Pamela Aguilar
City Clerk of Redwood City

I hereby approve the foregoing
resolution this 24th day of July 2018.

CITY OF REDWOOD CITY

Pamela Aguilar, CMC, City Clerk of the City of Redwood City
does hereby certify that the above and foregoing is a full true
and correct copy of Resolution 15692

In Witness Whereof, I have hereunto set my hand and the
seal of said City this 25 day of July, 2018


PAMELAGUILAR, CMC
City Clerk



Ian Bain
Mayor of the City of Redwood City

RESO. # 15692
MUFF # 307

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF REDWOOD CITY ADDING ARTICLE XI (CANNABIS BUSINESS TAX) TO CHAPTER 32 OF THE REDWOOD CITY MUNICIPAL CODE

WHEREAS, in 2015, California enacted three bills, Assembly Bills 243 and 266 and Senate Bill 643, commonly referred to as the “Medicinal Cannabis Regulation and Safety Act” (MCRSA), which established a comprehensive state regulatory and licensing framework for cultivation, manufacturing, sale, transportation, storage, delivery, and testing of medicinal cannabis in California; and

WHEREAS, in 2016, the voters of the State of California approved Proposition 64, known as the “Control, Regulate and Tax Adult Use of Marijuana Act” (AUMA), which legalized adult use cannabis use by persons age twenty-one and over, authorized cultivation of up to six cannabis plants for personal consumption, and established a new state regulatory and licensing framework for cultivation, manufacturing, sale, transportation, storage, delivery, and testing of adult use cannabis in California; and

WHEREAS, in 2017, California enacted Senate Bill 94, which repealed MCRSA, incorporated certain provisions of MCRSA into the licensing provisions of the AUMA, and consolidated the state regulatory and licensing framework for medicinal and adult use cannabis, with the consolidated provisions to be known as “Medicinal and Adult-Use Cannabis Regulation and Safety Act” (MAUCRSA); and

WHEREAS, MAUCRSA preserves the authority of local jurisdictions to prohibit or regulate the cultivation, manufacture, transportation, storage, distribution, delivery, and sale of commercial medicinal or adult use cannabis; and

WHEREAS, the City Council of the City of Redwood City desires to impose a tax on all cannabis businesses that may operate within Redwood City.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDWOOD CITY DOES ORDAIN AS FOLLOWS:

Section 1. The recitals set forth above are true and correct, and are hereby incorporated herein by this reference as if fully set forth in their entirety.

Section 2. Article XI of Chapter 32 of the Redwood City Municipal Code is hereby added to read as follows:

Article XI. CANNABIS BUSINESS TAX

Sec. 32.802 Title.

This Article shall be known as the “Cannabis Business Tax Ordinance.”

Sec. 32.803 Authority and Purpose.

The purpose of this Article is to enact a tax, for revenue purposes, pursuant to Sections 37101 and 37100.5 of the California Government Code, upon cannabis businesses that engage in business in the City. The cannabis business tax is levied based upon gross receipts. It is not a sales and use tax, a tax upon income, or a tax upon real property.

The cannabis business tax is a general tax enacted solely for general governmental purposes of the City and not for specific purposes. All of the proceeds from the tax imposed by this Article shall be placed in the City's general fund and be available for any legal municipal purpose.

Sec. 32.804 Intent.

The intent of this Article is to levy a tax on all cannabis businesses that operate in the City, regardless of whether such business would have been legal at the time this Article was adopted. Nothing in this Article shall be interpreted to authorize or permit any business activity that would not otherwise be legal or permissible under laws applicable to the activity at the time the activity is undertaken.

Sec. 32.805 Definitions.

The following words and phrases shall have the meanings set forth below when used in this Article:

- A. "Business" shall include all activities engaged in or caused to be engaged in within the City, including any commercial or industrial enterprise, trade, profession, occupation, vocation, calling, or livelihood, whether or not carried on for gain or profit, but shall not include the services rendered by an employee to his or her employer.
- B. "Cannabis" means all parts of the plant *cannabis sativa linnaeus*, *cannabis indica*, or *cannabis ruderalis*, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. Cannabis also means the separated resin, whether crude or purified, obtained from cannabis. Cannabis also means cannabis as defined by Section 11018 of the California Health and Safety Code.
- C. "Cannabis product" means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including but not limited to concentrated cannabis or an edible or topical product. Cannabis product also means cannabis products as defined by Section 11018.1 of the California Health and Safety Code.

- D. "Cannabis business" means any business activity involving cannabis, including but not limited to cultivating, transporting, distributing, manufacturing, compounding, converting, processing, preparing, storing, packaging, delivering, testing, dispensing, retailing and wholesaling of cannabis, of cannabis products or of ancillary products and accessories, whether or not carried on for gain or profit.
- E. "Cannabis business tax" or "business tax," means the tax due pursuant to this Article for engaging in cannabis business in the City.
- F. "Commercial cannabis cultivation" means cultivation in the course of conducting a cannabis business.
- G. "Cultivation" means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis and includes, but is not limited to, the operation of a nursery.
- H. "Employee" means each and every person engaged in the operation or conduct of any business, whether as owner, member of the owner's family, partner, associate, agent, manager or solicitor, and each and every other person employed or working in such business for a wage, salary, commission, barter or any other form of compensation.
- I. "Engaged in business as a cannabis business" means the commencing, conducting, operating, managing or carrying on of a cannabis business, whether done as owner, or by means of an officer, agent, manager, employee, or otherwise, whether operating from a fixed location in the City or coming into the City from an outside location to engage in such activities. A person shall be deemed engaged in business as a cannabis business within the City if:
1. Such person or person's employee maintains a fixed place of business within the City for the benefit or partial benefit of such person;
 2. Such person or person's employee owns or leases real property within the City for business purposes;
 3. Such person or person's employee regularly maintains a stock of tangible personal property in the City for sale in the ordinary course of business;
 4. Such person or person's employee regularly conducts solicitation of business within the City; or
 5. Such person or person's employee performs work or renders services in the City.

The foregoing specified activities shall not be a limitation on the meaning of "engaged in business as a cannabis business."

J. "Gross receipts," except as otherwise specifically provided, means, whether designated a sales price, royalty, rent, commission, dividend, or other designation, the total amount (including all receipts, cash, credits, services and property of any kind or nature) received or payable for sales of goods, wares or merchandise or for the performance of any act or service of any nature for which a charge is made or credit allowed (whether such service, act or employment is done as part of or in connection with the sale of goods, wares, merchandise or not), without any deduction therefrom on account of the cost of the property sold, the cost of materials used, labor or service costs, interest paid or payable, losses or any other expense whatsoever. However, the following shall be excluded from gross receipts:

1. Cash discounts where allowed and taken on sales;
2. Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser;
3. Such part of the sale price of any property returned by purchasers to the seller as refunded by the seller by way of cash or credit allowances or return of refundable deposits previously included in gross receipts;
4. Receipts derived from the occasional sale of used, obsolete or surplus trade fixtures, machinery or other equipment used by the taxpayer in the regular course of the taxpayer's business;
5. Cash value of sales, trades or transactions between departments or units of the same business;
6. Whenever there are included within the gross receipts amounts which reflect sales for which credit is extended and such amount proved uncollectible in a subsequent year, those amounts may be excluded from the gross receipts in the year they prove to be uncollectible; provided, however, if the whole or portion of such amounts excluded as uncollectible are subsequently collected they shall be included in the amount of gross receipts for the period when they are recovered;
7. Receipts of refundable deposits, except that such deposits when forfeited and taken into income of the business shall not be excluded when in excess of one dollar (\$1.00);
8. Amounts collected for others where the business is acting as an agent or trustee and to the extent that such amounts are paid to those for whom collected. These agents or trustees must provide the City's Finance Department with the names and the addresses of the others and the amounts paid to them. This exclusion shall not apply to any fees,

percentages, or other payments retained by the agent or trustees.

9. Retail sales of t-shirts, sweaters, hats, stickers, key chains, bags, books, or posters, or other personal tangible property which the Tax Administrator has excluded in writing by issuing an administrative ruling per Section 32.815, shall not be subject to the cannabis business tax under this Article. However, any business activities not subject to this Article shall be subject to the appropriate business license tax provisions of Chapter 32 Article V or any other Article or Chapter of this Code as determined by the Tax Administrator.
- K. "Nursery" means a facility or part of a facility that is used only for producing clones, immature plants, seeds, and other agricultural products used specifically for the planting, propagation, and cultivation of cannabis.
- L. "Person" means an individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit, whether organized as a nonprofit or for-profit entity, and includes the plural as well as the singular number.
- M. "Processing" means a cultivation site that conducts trimming, drying, curing, grading, packaging, or labeling of cannabis and nonmanufactured cannabis products.
- N. "Sale," "Sell," and "to sell" means and includes any sale, exchange, or barter. It shall also mean any transaction whereby, for any consideration, title to cannabis or cannabis products are transferred from one person to another and includes the delivery of cannabis or cannabis products pursuant to an order placed for the purchase of the same and soliciting or receiving an order for the same but does not include the return of cannabis or cannabis products by a licensee to the licensee from whom the cannabis or cannabis product was purchased.
- O. "Tax Administrator" means the Director of Finance of the City of Redwood City or his or her designee.
- P. "Testing laboratory" means a cannabis business that (i) offers or performs tests of cannabis or cannabis products, (ii) is accredited by an accrediting body that is independent from all other persons involved in commercial cannabis activity in the state and (iii) is licensed by the Bureau of Cannabis Control within the Department of Consumer Affairs.

Sec. 32.806 Tax Imposed.

- A. Beginning January 1, 2019, there is imposed upon each person who is engaged in business as a cannabis business a cannabis business tax. Such tax is payable regardless of whether the business has been issued a license or permit to operate

lawfully in the City or is operating unlawfully. The City's acceptance of a cannabis business tax payment from a cannabis business operating illegally will not constitute the City's approval or consent to such illegal operations.

B. The initial rate of the cannabis business tax shall be as follows:

1. For every person who engages in commercial cannabis cultivation as a nursery shall be subject to two and half percent (2.5%) of gross receipts.
2. For every person who engages in the retail sales of cannabis or cannabis products as a retailer (dispensary) or non-storefront retailer (delivery business) or microbusiness (retail sales activity) shall be subject to four percent (4%) of gross receipts.
3. If and when the City Council, by ordinance, takes action to allow commercial cultivation other than as a nursery, every person who engages in commercial cannabis cultivation other than as a nursery shall be subject to two and half percent (2.5%) of gross receipts.
4. If and when the City Council, by ordinance, takes action to allow operation of a testing laboratory for cannabis or cannabis products, every person who engages in the operation of a testing laboratory for cannabis or cannabis products shall be subject to one percent (1%) of gross receipts.
5. If and when the City Council, by ordinance, takes action to allow a cannabis distribution business for cannabis or cannabis products, every person who engages in a cannabis distribution business for cannabis or cannabis products shall be subject to two percent (2%) of gross receipts.
6. If and when the City Council, by ordinance, takes action to allow cannabis manufacturing, processing, or microbusiness (non-retail activity), or any other type of cannabis business not described in Section 32.806(B) (1), (2), (3)(a), 3(b), or 3(c) and for which a state license is required under Business and Professions Code Sections 26000 et seq., every person who engages in such cannabis business shall be subject to two and half percent (2.5%) of gross receipts.
7. Every person who engages in any other type of cannabis business not described in Section 32.806 (B) (1), (2), (3), (4), (5) or (6): shall be subject to two and half percent (2.5%) of gross receipts.

C. The City Council may, by resolution or ordinance and without voter approval, adjust the rate of the cannabis business tax. However, in no event may the City Council set any adjusted rate that exceeds the maximum rate calculated pursuant to Section 32.806 (D) for the date on which the adjusted rate will commence.

- D. The maximum rate of the cannabis business tax for any type of cannabis business shall not to exceed ten (10%) of gross receipts.
- E. Persons subject to the cannabis business tax shall also obtain a business license under Chapter 32 Article V of this Code. However, they shall be exempt from paying the general business license tax required under Chapter 32 Article V for any business activity subject to the cannabis business tax. A person not subject to the cannabis business tax is subject to the general business license tax required under Chapter 32 Article V except as otherwise provided by this Article or other applicable law.

Sec. 32.807 Reporting and remittance of tax.

- A. Financial information required under to obtain a business license under Chapter 32 Article V of this Code will be used to calculate and enforce the tax imposed under this Article, and will be deemed confidential insofar as consistent with the California Public Records Act and other applicable law.
- B. The cannabis business tax imposed by this Article shall be paid, in arrears, on a monthly basis. Each person owing a cannabis business tax each calendar month shall, no later than the last day of the month following the close of the calendar month, file with the Tax Administrator a statement of the tax owed for that calendar month and the basis for calculating that tax. The Tax Administrator may require that the statement be submitted on a form prescribed by the Tax Administrator. The tax for each calendar month shall be due and payable on that same date that the statement for the calendar month is due.
- C. Upon cessation of a cannabis business, tax statements and payments shall be immediately due for all calendar months up to the calendar month during which cessation occurred.
- D. The Tax Administrator may, at his or her discretion, establish alternative reporting and payment periods for any taxpayer as the Tax Administrator deems necessary to ensure effective collection of the tax. The Tax Administrator may also require that a taxpayer make payments in the form of cash or via a cashier's check, money order, or similar instrument.

Sec. 32.808 Payments and communications – timely remittance.

Whenever any payment, statement, report, request or other communication is due, it must be received by the Tax Administrator on or before the final due date. A postmark will not be accepted as timely remittance. If the due date would fall on a Saturday, Sunday or a holiday observed by the City, the due date shall be the next regular business day on which City Hall is open to the public.

Sec. 32.809 Payment - when taxes deemed delinquent.

Unless otherwise specifically provided under other provisions of this Article, the taxes required to be paid pursuant to this Article shall be deemed delinquent if not received by the Tax Administrator on or before the due date as specified in Sections 32.807 and 32.808.

Sec. 32.810 Notice not required by the City.

The City may as a courtesy send a tax notice to the business. However, the Tax Administrator is not required to send a delinquency or other notice or bill to any person subject to the provisions of this Article. Failure to send such notice or bill shall not affect the validity of any tax or penalty due under the provisions of this Article.

Sec. 32.811 Penalties and interest.

- A. Any person who fails or refuses to pay any cannabis business tax required to be paid pursuant to this Article on or before the due date shall pay penalties and interest as follows:
 - 1. A penalty equal to ten percent (10%) of the amount of the tax, in addition to the amount of the tax, plus interest on the unpaid tax calculated from the due date of the tax at the rate of one percent (1.0%) per month.
 - 2. If the tax remains unpaid for a period exceeding one calendar month beyond the due date, an additional penalty equal to twenty-five percent (25%) of the amount of the tax, plus interest at the rate of one percent (1.0%) per month on the unpaid tax and on the unpaid penalties.
 - 3. Interest shall be applied at the rate of one percent (1.0%) per month on the first day of the month for the full month and will continue to accrue monthly on the tax and penalty until the balance is paid in full.
- B. Whenever a payment is submitted in payment of a cannabis business tax and the payment is subsequently returned unpaid by the bank for any reason, the taxpayer will be liable for the tax amount due plus any return fees, penalties and interest as provided for in this Section, and any other amount allowed under state law.

Sec. 32.812 Refunds and credits.

- A. No refund shall be made of any tax collected pursuant to this Article, except as provided in Section 32.813.
- B. No refund of any tax collected pursuant to this Article shall be made because of the discontinuation, dissolution, or other termination of a business.

Sec. 32.813 Refunds and procedures.

Whenever the amount of any cannabis business tax, penalty or interest has been overpaid, paid more than once, or has been erroneously collected or received by the City under this Article, it may be refunded to the claimant who paid the tax provided that a written claim for refund is filed with the Tax Administrator within one (1) year of the date the tax was originally due and payable.

- A. The Tax Administrator, his or her designee or any other City official charged with the administration of this Article, shall have the right to examine and audit all the books and business records of the claimant in order to determine the eligibility of the claimant to the claimed refund. No claim for refund shall be allowed if the claimant refuses to allow such examination of claimant's books and business records after request by the Tax Administrator to do so.
- B. In the event that the cannabis business tax was erroneously paid, and the error is attributable to the City, the City shall refund the amount of tax erroneously paid. If the error is attributable to the claimant, the City shall retain an amount from the refund reasonably calculated to cover in the actual costs to verify the error.

Sec. 32.814 Personal Cultivation Not Taxed.

The provisions of this Article shall not apply to personal cannabis cultivation or use as those activities are authorized in the "Medicinal and Adult Use Cannabis Regulation and Safety Act". This Article shall not apply to personal use of cannabis that is specifically exempted from state licensing requirements, that meets the definition of personal use or equivalent terminology under state law, and provided that the individual receives no compensation whatsoever related to that personal cultivation or use.

Sec. 32.815 Administration of the tax.

- A. It shall be the duty of the Tax Administrator to collect the taxes, penalties, fees, and perform the duties required by this Article.
- B. For purposes of administration and enforcement of this Article generally, the Tax Administrator may from time to time promulgate such administrative interpretations, rules, and procedures consistent with the purpose, intent, and express terms of this Article as he or she deems necessary to implement or clarify such provisions or aid in enforcement.
- C. The Tax Administrator may take such administrative actions as needed to administer the tax, including but not limited to:
 - 1. Provide to all cannabis business taxpayers forms for the reporting of the tax;
 - 2. Provide information to any taxpayer concerning the provisions of this Article;

3. Receive and record all taxes remitted to the City as provided in this Article;
4. Maintain records of taxpayer reports and taxes collected pursuant to this Article;
5. Assess penalties and interest to taxpayers pursuant to this Article;
6. Determine amounts owed and enforce collection pursuant to this Article.

Sec. 32.816 Appeal procedure.

Any taxpayer aggrieved by any decision of the Tax Administrator with respect to the amount of tax, interest, penalties, fees, or any amount determined to be owed, if any, due under this Article may appeal to the City Council by filing a notice of appeal with the City Clerk within fifteen (15) calendar days of the date of the determination of amounts due. The appeal shall be filed, processed and heard in accordance with Chapter 1 of this Municipal Code. The finding of the City Council shall be final and conclusive and shall be served upon the appellant in the manner prescribed by this Article for service of notice of hearing. Any amount found to be due shall be immediately due and payable upon the service of the notice of the decision.

Sec. 32.817 Enforcement - action to collect.

Any taxes, penalties and/or fees required to be paid under the provisions of this Article shall be deemed a debt owed to the City. Any person owing money to the City under the provisions of this Article shall be liable in an action brought in the name of the City for the recovery of such debt. The provisions of this Section shall not be deemed a limitation upon the right of the City to bring any other action including criminal, civil and equitable actions, based upon the failure to pay the tax, penalties and/or fees imposed by this Article or the failure to comply with any of the provisions of this Article.

Sec. 32.818 Apportionment.

If a business subject to the tax is operating both within and outside the City, it is the intent of the City to apply the cannabis business tax so that the measure of the tax fairly reflects the proportion of the taxed activity actually carried on in the City. To the extent federal or state law requires that any tax due from any taxpayer be apportioned, the taxpayer may indicate said apportionment on his or her tax return. The Tax Administrator may promulgate administrative procedures for apportionment as he or she finds useful or necessary.

Sec. 32.819 Constitutionality and legality.

This tax is intended to be applied in a manner consistent with the United States and California Constitutions and state law. None of the tax provided for by this Article shall be applied in a manner that causes an undue burden upon interstate commerce, a violation

of the equal protection or due process clauses of the Constitutions of the United States or the State of California or a violation of any other provision of the California Constitution or state law. If a person believes that the tax, as applied to him or her, is impermissible under applicable law, he or she may request that the Tax Administrator release him or her from the obligation to pay the impermissible portion of the tax.

Sec. 32.820 Audit and examination of premises, records and equipment.

- A. For the purpose of ascertaining the amount of cannabis business tax owed or verifying any representations made by any taxpayer to the City in support of his or her tax calculation, the Tax Administrator shall have the power to inspect any location where commercial cannabis activity occurs and to audit and examine all books and records (including, but not limited to bookkeeping records, state and federal income tax returns, and other records relating to the gross receipts of the business) of persons engaged in cannabis businesses. In conducting such investigation, the Tax Administrator shall have the power to inspect any equipment, such as computers or point of sale machines that may contain such records. If such person, after written demand by the Tax Administrator, refuses to make available for audit, examination or verification such premises, books, records or equipment as the Tax Administrator requests, the Tax Administrator may, after full consideration of all information within his or her knowledge concerning the cannabis business and activities of the person so refusing, make an assessment in the manner provided in Section 32.823.

- B. It shall be the duty of every person liable for the collection and payment to the City of any tax imposed by this Article to keep and preserve, for a period of at least three (3) years, all records as may be necessary to determine the amount of such tax as he or she may have been liable for the collection of and payment to the City, which records the Tax Administrator or his or her designee shall have the right to inspect at all reasonable times.

Sec. 32.821 Other licenses, permits, taxes, fees or charges.

- A. Nothing contained in this Article shall be deemed to repeal, amend, be in lieu of, replace or in any way affect any requirements for any permit or license required by, under or by virtue of any provision of any other Article or Chapter of this Code or any other ordinance or resolution of the City, nor be deemed to repeal, amend, be in lieu of, replace or in any way affect any tax, fee or other charge imposed, assessed or required by, under or by virtue of any other Article or Chapter of this Code or any other ordinance or resolution of the City.

- B. Notwithstanding Subsection A of this Section, a cannabis business shall not be required to pay the general business license tax required by Chapter 32 Article V of this Code so long as all of the business activities within the City that would require payment of a business license tax are activities subject to the cannabis business tax.

Sec. 32.822 Payment of tax does not authorize unlawful business.

- A. The payment of a cannabis business tax required by this Article, and its acceptance by the City, shall not entitle any person to carry on any cannabis business unless the person has complied with all of the requirements of this Code, the City's Zoning Ordinance and all other applicable state and local laws.
- B. No tax paid under the provisions of this Article shall be construed as authorizing the conduct or continuance of any illegal or unlawful business, or any business in violation of any local or state law.

Sec. 32.823 Deficiency determinations.

If the Tax Administrator is not satisfied that any statement filed as required under the provisions of this Article is correct, or that the amount of tax is correctly computed, he or she may compute and determine the amount to be paid and make a deficiency determination upon the basis of the facts contained in the statement or upon the basis of any information in his or her possession or that may come into his or her possession within three (3) years of the date the tax was originally due and payable. One or more deficiency determinations of the amount of tax due for a period or periods may be made. When a person discontinues engaging in a business, a deficiency determination may be made at any time within three (3) years thereafter as to any liability arising from engaging in such business whether or not a deficiency determination is issued prior to the date the tax would otherwise be due. Whenever a deficiency determination is made, a notice shall be given to the person concerned in the same manner as notices of assessment are given under Section 32.825.

Sec. 32.824 Tax assessment—when authorized, nonpayment, fraud.

- A. Under any of the following circumstances, the Tax Administrator may make and give notice of an assessment of the amount of tax owed by a person under this Article at any time:
 - 1. If the person has not filed a complete statement required under the provisions of this Article;
 - 2. If the person has not paid the tax due under the provisions of this Article;
 - 3. If the person has not, after demand by the Tax Administrator, filed a corrected statement, or furnished to the Tax Administrator adequate substantiation of the information contained in a statement already filed, or paid any additional amount of tax due under the provisions of this Article; or
 - 4. If the Tax Administrator determines that the nonpayment of any business tax due under this Article is due to fraud, a penalty of twenty-five percent (25%) of the amount of the tax shall be added thereto in addition to penalties

and interest otherwise stated in this Article and any other penalties allowed by law.

- B. The notice of assessment shall separately set forth the amount of any tax known by the Tax Administrator to be due or estimated by the Tax Administrator, after consideration of all information within the Tax Administrator's knowledge concerning the business and activities of the person assessed, to be due under each applicable section of this Article, and shall include the amount of any penalties or interest accrued on each amount to the date of the notice of assessment.

Sec. 32.825 Tax assessment - notice requirements.

The notice of assessment shall be served upon the person either by personal delivery or by a deposit of the notice in the United States mail, postage prepaid thereon, addressed to the person at the address of the location of the business or to such other address as he or she shall register with the Tax Administrator for the purpose of receiving notices provided under this Article; or, should the person have no address registered with the Tax Administrator for such purpose, then to such person's last known address. For the purposes of this Section, service by mail shall be deemed complete at the time of deposit in the United States mail.

Sec. 32.826 Tax assessment - hearing, application and determination.

Within fourteen (14) calendar days after the date of service the person may apply in writing to the Tax Administrator for a hearing on the assessment. If application for a hearing before the Tax Administrator is not made within the time herein prescribed, the tax assessed by the Tax Administrator shall become final and conclusive. If the person applies for hearing, the Tax Administrator shall cause the matter to be set for hearing before him or her no later than thirty (30) calendar days after the receipt of the application, unless a later date is agreed to by the Tax Administrator and the person requesting the hearing. Notice of such hearing shall be mailed by the Tax Administrator to the person requesting such hearing not later than ten (10) calendar days prior to such hearing. At such hearing said applicant may appear and offer evidence why the assessment as made by the Tax Administrator should not be confirmed and fixed as the tax due. After such hearing the Tax Administrator shall determine and reassess the proper tax to be charged and shall give written notice to the person in the manner prescribed in Section 32.825 for giving notice of assessment.

Sec. 32.827 Temporary Relief from taxes for disaster relief.

- A. If a business is unable to comply with any tax requirement due to a disaster, the business may notify the Tax Administrator of this inability to comply and request temporary relief from the tax requirement.

1. A request for temporary relief must clearly indicate why relief is requested, the time period for which the relief is requested, and the reason relief is needed for the specific amount of time.
- B. The cannabis business agrees to grant the Tax Administrator or his or her designee access to the location where the cannabis business has been impacted due to a disaster.
- C. The Tax Administrator, in his or her sole discretion, may provide temporary relief from the cannabis business tax requirement for businesses whose operations have been impacted by a disaster if such tax liability does not exceed Five Thousand (\$5,000) Dollars (\$5,000). If such tax liability is Five Thousand One Dollars (\$5,001) or more, such relief shall only be approved by the City Council.
- D. Temporary relief from the cannabis business tax may be granted for a reasonable amount of time as determined by the Tax Administrator or the City Council, as applicable in order to allow the cannabis business time to recover from the disaster.
- E. The Tax Administrator or City Council, as applicable may require that certain conditions be followed in order for a cannabis business to receive temporary relief from the cannabis business tax requirement.
- F. For purposes of this Section, "disaster" means fire, flood, storm, tidal wave, earthquake, or similar public calamity, whether or not resulting from natural causes.

Sec. 32.828 Conviction for violation - taxes not waived.

The conviction and punishment of any person for failure to pay the required tax shall not excuse or exempt such person from any civil action for the tax debt unpaid at the time of such conviction. No civil action shall prevent a criminal prosecution for any violation of the provisions of this Article or of any state law requiring the payment of all taxes.

Sec. 32.829 Violation deemed misdemeanor.

Any person violating any of the provisions of this Article shall be guilty of a misdemeanor, and upon conviction thereof shall be punishable as provided in Section 1.7(A) of this Code.

Sec. 32.830 Severability.

If any provision of this Article, or its application to any person or circumstance, is determined by a court of competent jurisdiction to be unlawful, unenforceable or otherwise void, that determination shall have no effect on any other provision of this Article or the

application of this Article to any other person or circumstance and, to that end, the provisions hereof are severable.

Sec. 32.831 Remedies cumulative.

All remedies and penalties prescribed by this Article or which are available under any other provision of the Redwood City Municipal Code and any other provision of law or equity are cumulative. The use of one or more remedies by the City shall not bar the use of any other remedy for the purpose of enforcing the provisions of this Article.

Sec. 32.832 Amendment or repeal.

This Article may be repealed or amended by the City Council without a vote of the people to the extent allowed by law. However, as required by Article XIII C of the California Constitution, voter approval is required for any amendment that would increase the rate of any tax levied pursuant to this Article beyond the maximum rate of ten percent (10%) of gross receipts. The people of the City of Redwood City affirm that the following actions shall not constitute an increase of the rate of a tax:

- A. The restoration or adjustment of the rate of the tax to a rate that is no higher than the maximum rate of ten percent (10%) of gross receipts set by this Article, if the City Council has acted to reduce the rate of the tax or incrementally implement an increase authorized by this Article;
- B. An action that interprets or clarifies the methodology of the tax, or any definition applicable to the tax, so long as interpretation or clarification (even if contrary to some prior interpretation or clarification) is not inconsistent with the language of this Article; or
- C. The collection of the tax imposed by this Article even if the City had, for some period of time, failed to collect the tax.

Section 3. The adoption of this Ordinance is not a “project” subject to the requirements of the California Environmental Quality Act (CEQA). CEQA Guideline Section 15378(b)(4) provides that the creation of government funding mechanisms or other government fiscal activities that do not involve any commitment to a specific project that may result in a potentially significant physical impact on the environment are not projects subject to the requirements of CEQA.

Section 4. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portions or sections of this Ordinance. The City Council hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid.

Section 5. This Ordinance shall go into effect 30 days following its adoption.

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