

## **IMPARTIAL ANALYSIS PREPARED BY THE CITY ATTORNEY**

Measure \_\_\_\_ was placed on the ballot by the West Hollywood City Council and, if approved by a majority of West Hollywood voters, will amend the City's Municipal Code to impose a local gross receipts tax on the sale of adult-use cannabis and adult-use cannabis products by cannabis businesses operating within the City. Measure \_\_\_\_ is a revenue-raising measure only. It does not amend the City's existing cannabis land use or business licensing regulations or otherwise authorize new or additional types of cannabis businesses to operate within the City.

If approved, Measure \_\_\_\_ would impose a business tax on every cannabis business operating within the City, regardless of its form, of a maximum of seven and one-half percent (7.5%) of all gross receipts on adult-use cannabis and adult-use cannabis products, except that the business tax would not apply to gross receipts on medical cannabis and medical cannabis products.

If approved, the above tax rate can be increased or decreased by the City Council, provided that the City Council cannot exceed the voter-approved maximum rate of seven and one-half percent (7.5%) of gross receipts. An increase to the maximum tax rate above seven and one-half percent (7.5%) would require approval by the West Hollywood voters at a future election.

Measure \_\_\_\_ would be a "general tax." All revenue from this tax would be deposited into the City's General Fund and could be used for general City governmental operations and services. If approved, Measure \_\_\_\_ is anticipated to generate approximately \$5,500,000 annually in revenue to the City. Pursuant to state law, a majority of votes cast is required to adopt this general tax.

The City currently allows all of the adult-use cannabis activities proposed to be taxed, subject to issuance of land use approvals and a business license.

A "yes" vote on Measure \_\_\_\_ is to approve the cannabis business tax. A "no" vote on Measure \_\_\_\_ is to reject the cannabis business tax.

/s/ Michael Jenkins  
City Attorney