

RESOLUTION NO. \_\_\_\_\_

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA ROSA (1) DECLARING A FISCAL EMERGENCY IN THE CITY AS A RESULT OF THE RECENT PASSAGE OF CALIFORNIA STATE PROPOSITION 64 (ADULT USE OF MARIJUANA ACT), (2) ORDERING SUBMISSION TO SANTA ROSA VOTERS OF AN ORDINANCE OF THE CITY OF SANTA ROSA AMENDING CHAPTER 6-04 OF THE SANTA ROSA CITY CODE AND ADDING CHAPTER 6-10 OF THE SANTA ROSA CITY CODE TO AUTHORIZE THE CITY OF SANTA ROSA TO IMPOSE A BUSINESS TAX ON CANNABIS BUSINESSES, (3) APPROVING BALLOT LANGUAGE, (4) PERMITTING THE FILING OF REBUTTAL ARGUMENTS, (5) DIRECTING THE CITY ATTORNEY TO PROVIDE AN IMPARTIAL ANALYSIS, AND (6) PROVIDING DIRECTION REGARDING BALLOT ARGUMENTS IN SUPPORT OF THE MEASURE

WHEREAS, the City of Santa Rosa has responsibly and proactively managed its finances and its taxpayer dollars through transparent budget and decision-making processes and recently enacted Measures O and N to ensure the City's fiscal stability by updating budget formulas and extend locally-enacted funding; and

WHEREAS, for the past several months, the City of Santa Rosa's Medical Cannabis Policy Sub-Committee has been working with cannabis industry stakeholders to develop comprehensive policies to regulate those in the medical cannabis industry in a way that supports region's small, locally-operated providers without overburdening that new market; and

WHEREAS, as these policy discussions continue, on November 8, 2016, California voters enacted Proposition 64 to legalize adult recreational use of cannabis and to allow businesses that support such cannabis use to operate legally, subject to regulations imposed by state and local public entities; and

WHEREAS, the passage of Proposition 64 has significant cost implications for the City of Santa Rosa due to the substantial costs to the City of adopting and implementing regulations to govern this new industry, enforcing those regulations, ensuring public safety, addressing environmental concerns, providing economic development services, and providing other related services, totaling as much as \$900,000 annually; and

WHEREAS, the City must also maintain consistent funding and financial stability for essential services such as police and fire protection, 911 emergency response times, streets and road maintenance, affordable housing, gang prevention, recreational programs and other general city services; and

WHEREAS, the City's existing general business tax ordinance, which generally levies a limited business tax on all businesses operating in Santa Rosa, is insufficient to generate the volume of revenue needed to pay the City's costs of allowing the new and unique cannabis industry to operate in Santa Rosa; and

WHEREAS, nearly 50 other California jurisdictions – typically in collaboration with cannabis businesses – have enacted local measures to impose a general tax on cannabis business for the privilege of operating within the local jurisdiction; and

WHEREAS, such business taxes are imposed on cannabis businesses, and not directly on cannabis users or consumers; and

WHEREAS, adopting such a local cannabis industry business tax measure in the City of Santa Rosa will benefit residents of the City by ensuring that cannabis businesses contribute reasonably and fairly to paying for the costs associated with allowing this emerging industry to operate in Santa Rosa while allowing the City to continue to maintain stable funding for essential City services and continued quality of life; and

WHEREAS, such a measure will provide locally-controlled revenue that cannot be taken by the State; and

WHEREAS, such a measure will help to maintain the City’s long-term financial stability, with public oversight and annual fiscal reviews; and

WHEREAS, the City of Santa Rosa wishes to continue its policy engagement and discussions with stakeholders and the public about how cannabis businesses operating in Santa Rosa should be regulated, while acting quickly and decisively to address any significant financial disruptions or impact to the City’s General Fund and provision of services to Santa Rosa citizens.

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Santa Rosa hereby unanimously finds and declares the existence of a fiscal emergency within the City and directs City staff to investigate and recommend further actions necessary to mitigate the severe financial impacts of the passage of Proposition 64.

BE IT FURTHER RESOLVED that the Council of the City of Santa Rosa hereby resolves:

1. Pursuant to California Elections Code sections 1000, 1400, and 9222, and Government Code section 53724, a Special Municipal Election of the City of Santa Rosa is ordered and shall be held in the City of Santa Rosa, California, on Tuesday, the 7<sup>th</sup> day of March 2017 for the purposed of submitting to the qualified electors of the City an ordinance entitled “AN ORDINANCE OF THE VOTERS OF THE CITY OF SANTA ROSA, STATE OF CALIFORNIA, AUTHORIZING IMPOSITION OF A CANNABIS INDUSTRY TAX ON CANNABIS BUSINESS” as set forth in Exhibit A, which is incorporated herein.
2. The proposed Ordinance shall be submitted to the electors in the form of a measure printed on the ballot as follows:

<p><b>“Santa Rosa Cannabis Industry Tax Measure.”</b></p> <p>Shall an ordinance be adopted authorizing a cannabis business tax in the City of Santa Rosa on cultivation up to \$38 per square foot (annually adjusted by CPI) or 10% of gross receipts, and on other cannabis businesses up to 10% on gross receipts, to maintain financial stability for city services such as addressing cannabis industry impacts, public safety, affordable housing, and youth programs, with all funds subject to audits and staying local, generating undetermined revenue until repealed?</p>	<p>Yes</p> <p>_____</p>	<p>No</p> <p>_____</p>
--	-------------------------	------------------------

3. Pursuant to California Elections Code section 10403, the Board of Supervisors of the County of Sonoma is hereby requested to consent and agree to the consolidation of the Special Municipal Election with the Sonoma County General Election on Tuesday, March 7, 2016, for the purpose of submitting the Ordinance to voters for approval, and for election services to be provided by the County Elections Department in conducting the special municipal election. The vote requirement for the Ordinance’s passage is a majority of votes cast.
4. The City Council recognizes that the consolidated election will be conducted in the manner prescribed by Elections Code section 10418. The County Elections Department is authorized to canvass the returns of the special municipal election. The election shall be held in all respects as if there were only one election, and only one form of ballot shall be used.
5. The Board is Supervisors is requested to issue any necessary instructions to the County Elections Department to take any and all steps necessary for the holding of the consolidated election, and the City Clerk is authorized and directed to work with the County Elections Department as necessary and appropriate.
6. The City of Santa Rosa recognizes that additional costs will be incurred by the County by reason of this consolidation and agrees to reimburse the County for any costs.
7. The City Attorney’s impartial analysis and written arguments for and against the proposed measure shall be prepared in accordance with the Charter of the City of Santa Rosa and the California Elections Code.
8. The City Clerk shall certify to the passage of this resolution and cause this resolution to be published in the manner provided by law, and shall file a certified copy of this resolution with the Board of Supervisors and the County Elections Department.
9. Arguments for and against the proposition may be submitted to the qualified voters of the City in accordance with sections 9282 through 9287 of the California Elections Code. The deadline date for submitting ballot arguments for

or against the proposition shall be set by the City Clerk. 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 set by the City Clerk. Proposed rebuttal arguments shall not exceed 250 words and shall be submitted to the office of the City Clerk. The provisions of Section 9285(a) of the California Elections Code shall apply to the submittal of rebuttal arguments.

10. The Council does not authorize the Council as a body or any individual member of the Council to file a written argument or any rebuttal argument for or against the measure. The Council authorizes any Santa Rosa voter or association of Santa Rosa residents, to file written arguments in favor or against the proposition, and to change the argument until and including the date fixed by the City Clerk after which no arguments for or against the proposition may be submitted to the City Clerk. Any argument filed for or against said proposition not exceeding 300 words shall be filed with the City Clerk, signed, with the printed name(s) and signature(s) of the author(s) submitting it, or if filed on behalf of an organization, the name of the organization, and the printed name and signature of at least one of its principal officers who is the author of the argument.

IN COUNCIL DULY PASSED BY THE UNANIMOUS VOTE OF ALL COUNCIL MEMBERS PRESENT WHO HAVE NOT ABSTAINED on this 6th day of December, 2016.

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST: \_\_\_\_\_ APPROVED: \_\_\_\_\_  
City Clerk Mayor

APPROVED AS TO FORM:

\_\_\_\_\_  
Interim City Attorney