

**MEASURE AI  
ORDINANCE NO. 4361**

**AN ORDINANCE OF THE COUNTY OF MENDOCINO, STATE OF CALIFORNIA, ADDING CHAPTER 6.32 TO THE MENDOCINO COUNTY CODE IMPOSING A CANNABIS BUSINESS TAX ON COMMERCIAL CANNABIS BUSINESSES**

Measure AI. Shall Chapter 6.32 be added to the Mendocino County Code, placing a business tax on cannabis cultivation and dispensaries (not to exceed 10% of gross receipts) and cannabis distribution, delivery, manufacturing, nurseries, testing laboratories and transportation businesses (\$2,500.00 per year, to be adjusted in accordance with Consumer Price Index increases) of medical and nonmedical cannabis where legalized by state law, potentially generating millions of dollars annually to help fund County services?

YES or NO

**IMPARTIAL ANALYSIS  
MEASURE AI**

**An Ordinance to Impose a Business Tax on Commercial Cannabis Businesses**

This ballot measure seeks voter approval to amend the Mendocino County Code to add Chapter 6.32 to add a Cannabis Business Tax. This is a general tax and would apply only to the unincorporated areas of the County.

This measure would impose a business license tax on cultivating, manufacturing, dispensing, producing, processing, preparing, storing, providing, donating, testing, selling or distributing, medical cannabis or medical cannabis products. If non-medical cannabis activity becomes legal in the State of California, this Ordinance would also apply to non-medical cannabis businesses. The tax imposed by this measure would be an annual tax.

The initial rate for commercial cannabis cultivation would be 2.5% of the gross receipts per fiscal year with minimum rates of \$1,250.00 for cultivation of 2,500 square feet or less, \$2,500.00 for cultivation of 5,000 square feet or less, and \$5,000.00 for cultivation of greater than 5,000 square feet.

This tax could be increased by the Board of Supervisors after July 1, 2020. This measure allows for the Board of Supervisors to increase the tax in increments of 2.5%, with a maximum tax rate of 10%. Such increases may occur only once per fiscal year, and may occur only after approval by the Board of Supervisors at a regularly scheduled meeting.

This measure would also provide for a commercial cannabis tax for all other businesses besides cultivation at a flat rate of \$2,500.00 per year, to be increased after July 1, 2020 according to the Consumer Price Index.

This measure provides for penalties and interest for the failure or refusal to pay the business tax.

This measure provides that cultivation of personal medical cannabis would be exempt from this business tax.

This measure was placed on the ballot by the Board of Supervisors.

This measure must be adopted by a majority of the voters.

A **YES** vote will be a vote in favor of adoption of the proposed ordinance.

A **NO** vote will be a vote against the adoption of the proposed ordinance.

**The above statement is an impartial analysis of the Ordinance or Measure AI. If you desire a copy of the ordinance or measure, please call the elections official's office at (707) 234-6819 and a copy will be mailed at no cost to you.**

**IMPARTIAL ANALYSIS  
MEASURE AI - continued**

DATED: August 22, 2016

s/Katharine L. Elliott  
County Counsel

**ARGUMENT IN FAVOR OF MEASURE AI**

**Vote "YES" on Measure AI (the "Marijuana Tax").** A "YES" vote will make marijuana businesses operating in the unincorporated areas of Mendocino County pay their fair share to support County services.

Measure AI (the "Marijuana Tax") is not a sales tax. It is not an income tax.

**Measure AI (the "Marijuana Tax") will only be paid by marijuana businesses.**

Conflicting federal and state laws have failed us. Our children are being endangered and violence is increasing. Our rural roads are being damaged and critical water resources are being polluted and diverted. And the general public is stuck with the costs.

Mendocino County now has an opportunity to adopt local standards that will protect our neighborhoods, the natural environment and our quality of life.

Measure AI is tied to those standards. All marijuana businesses subject to Measure AI must obtain annual permits. Community and environmental impacts, criminal backgrounds of operators, security plans, comprehensive operational plans and more will all be evaluated. Regular inspections will assure compliance.

Measure AI is environmentally and fiscally responsible. It protects the environment and requires marijuana businesses to pay long overdue funding to support general County services, including public health, public safety, and environmental cleanup.

Measure AI relieves the strain on the County budget and requires marijuana businesses to pay for the costs created by their industry.

**A "YES" vote on Measure AI (the "Marijuana Tax") will ensure that marijuana businesses in Mendocino County pay their fair share.**

**A "YES" vote on Measure AJ (the companion advisory measure) will tell the Board of Supervisors that you want a majority of the proceeds from the "Marijuana Tax" to be spent for Marijuana Enforcement, Mental Health Services, Repair of County Roads, and Fire and Emergency Medical Services.**

**Vote "YES" on Measure AI (the "Marijuana Tax") to restore tax fairness and fund County services.**

s/Dan Gjerde, Chair  
Mendocino County Board of Supervisors

s/John McCowen, 2<sup>nd</sup> District Supervisor  
Mendocino County Board of Supervisors

s/Carol Mordhorst, President / Health Advocate  
Mordhorst Services Inc.

s/Greg Van Patten, Sheriff's Captain  
Mendocino County Sheriff's Office

s/Carl E. Magann, Fire Chief

NO ARGUMENT AGAINST THIS MEASURE WAS SUBMITTED.