



WHAT DO YOU KNOW ABOUT ... MEASURE "F"?

Cannabis Business Tax June 5, 2018 Election



Q: WHO PAYS THE TAX?

A: The tax would be paid by medical cannabis businesses that operate in the incorporated area of Nevada City. The tax may be applied to any operator in the supply chain (cultivators, nurseries, processors, distributors, transporters, manufacturers, testing labs and dispensaries).

Q: WHAT WILL THE TAX PAY FOR?

A: The cannabis business tax is a general tax, which means there are no specified expenditures. Instead the City has the flexibility to allocate and adjust funding among essential general municipal services in order to address the needs of the community such as:

- ◆ **Police**
- ◆ **Fire**
- ◆ **Road Repair and Improvements**
- ◆ **Parks and Recreation**



Q: HOW MUCH IS THE TAX?

A: The tax imposed upon medical cannabis businesses will be no more than the maximum rates authorized by the Measure "F". Through June 30, 2021, the maximum rates on gross receipts allowed would be:

- ◆ 8% for a dispensary or delivery business
- ◆ 6% for manufacturing, processing and distribution businesses
- ◆ 2% for a testing lab
- ◆ \$0.50—\$7.00 for cultivation, including nurseries depending on square footage and lighting.

The City Council has indicated it will adopt lower starting tax rates to incentivize compliance and offset startup costs.

Supply Chain Business Tax

Operator	Starting Rate	Max Rate
Dispensaries or Delivery	4%	8%
Manufacturing, Processing, Distribution	2%	6%
Laboratories	2%	2%

Cultivation (based on sq. ft. of canopy space)

Operator	Starting Rate	Max Rate
Artificial Lighting	\$4.00	\$7.00
Mix Natural/Artificial Lighting	\$3.00	\$5.00
No Artificial Lighting	\$1.00	\$1.00
Nursery	\$0.50	\$0.50

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Q: WHAT ARE NEVADA CITY LAWS REGARDING CANNABIS BUSINESSES?

A: In June 2017, the City Council passed a series of laws to permit and regulate nearly all medical cannabis businesses allowed under the State's Medical Cannabis Regulation and Safety Act.. The law allows for one dispensary to be permitted for the first year beginning from the date of permit issuance. The City also allows for other medical cannabis business types which include manufacturing, distribution, transporting, testing laboratories, processing and nurseries. Council has recently concluded that commercial cultivation of plants to maturity is not allowed. The City does not allow nonmedical cannabis businesses.

Q: WHAT PERCENTAGE OF THE VOTE IS NEEDED TO PASS THE MEASURE?

A: A simple majority of "Yes" votes.

Q: HOW MUCH WILL THE TAX GENERATE?

A: The size of the medical cannabis industry and rates of compliance are difficult to estimate. Based on government and industry surveys and a moderate rate of compliance, the City estimates that the starting rates will generate approximately \$120k—\$135k annually. All revenue will stay local.

Q: WHERE CAN I GET MORE INFORMATION ABOUT LOCAL CANNABIS LAWS?

A: The City's website <http://nevadacityca.gov>



**CANNABIS TAXES
ARE NECESSARY SO**

**ADDRESSING
INDUSTRY IMPACTS**

**DOES NOT TAKE
FUNDING FROM VITAL
CITY SERVICES**



**REVENUE CAN FUND
PRIORITIES SUCH AS:**

**PUBLIC SAFETY,
ROAD REPAIR AND
IMPROVEMENT, AND PARKS
& RECREATION**

