

**ORDINANCE NO. 601**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ADELANTO,  
CALIFORNIA, ADJUSTING TAX RATES FOR CANNABIS TAX BUSINESSES  
OPERATING IN THE CITY OF ADELANTO PURSUANT TO MEASURE S AND  
ORDINANCE NO. 594**

**WHEREAS**, pursuant to California Government Code sections 37100.5 and 37101, the City of Adelanto has the authority to establish a local business excise tax upon cannabis businesses that engage in business in the City; and

**WHEREAS**, pursuant to California Elections Code section 9222, the City Council submitted Measure S to the voters for consideration at the Municipal Election occurring on November 6, 2018; and

**WHEREAS**, Measure S proposed an amendment to the Adelanto Municipal Code to update the general business excise tax on cannabis businesses operating in the City; and

**WHEREAS**, Measure S proposed that the cannabis business tax serve as a general tax and that the proceeds of the tax would be deposited into the City's general fund to pay for City services such as police protection, fire and paramedic services, street and sidewalk operations and maintenance, parks and recreation services and general municipal services to the public; and

**WHEREAS**, Measure S proposed the adoption of Ordinance No. 594 to implement the cannabis business tax; and

**WHEREAS**, Measure S was approved by a majority vote of the qualified voters in the November 6, 2018 election; and

**WHEREAS**, upon the approval of Measure S, Ordinance No. 594 became effective; and

**WHEREAS**, Ordinance No. 594 imposed a maximum tax rate of five dollars (\$5.00) per square foot of space utilized in connection with cannabis cultivation or nursery activities; and

**WHEREAS**, Ordinance No. 594 section 3.60.030 imposed a maximum tax rate of five percent (5%) of gross receipts generated by any other cannabis business (including but not limited to, cannabis manufacturing, testing, distribution, and retail) activities; and

**WHEREAS**, Ordinance No. 594 section 3.60.050 authorized the City Council to adopt an ordinance to upwardly or downwardly adjust the tax rate imposed by Ordinance No. 594 without submitting the matter to the voters; and

**WHEREAS**, the City Council held an initial study session on February 7, 2019 and a subsequent study session on April 10, 2019 to receive public comment, discuss, and consider adjusting tax rates for cannabis businesses operating in the City; and

**WHEREAS**, the City Council recognizes the challenges faced by cannabis business operators and desires to support and encourage the industry to develop while balancing the financial needs of the City.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF ADELANTO DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1. Incorporation of Recitals.** The recitals set forth above are hereby incorporated by this reference as if set forth in full herein.

**Section 2. Cannabis Business Tax.** The City Council hereby adjusts the maximum tax rate imposed by Ordinance No. 594 downward and imposes the following tax rates:

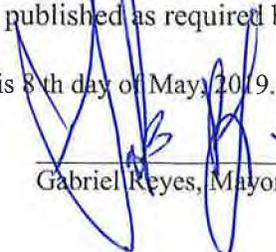
<b>Cannabis Business Activity</b>	<b>Monthly Tax Rate</b>
Cultivation	\$0.415 per square foot
Retail	3% of gross receipts
Special Events	3% of gross receipts
Manufacturing	1% of gross receipts
Testing	1% of gross receipts
Distribution	1% of gross receipts

**Section 3. Effective Date.** This Ordinance shall take effect thirty (30) days after its final passage.

**Section 4. Severability.** Should any section or provision of this Ordinance be declared by a court of competent jurisdiction to be invalid, that decision shall not affect the validity of the Ordinance as a whole or any part thereof, other than the part so declared to be invalid.

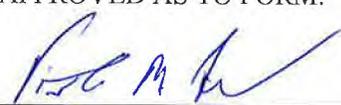
**Section 5. Certification/Summary.** Following the City Clerk's certification that the citizens of Adelanto have approved this Ordinance, the Mayor shall sign this Ordinance and the City Clerk shall cause the same to be entered in the book of original ordinances of said City; and shall cause the same, or a summary thereof, to be published as required by law.

**PASSED, APPROVED, and ADOPTED** this 8th day of May, 2019.

  
\_\_\_\_\_  
Gabriel Reyes, Mayor

  
\_\_\_\_\_  
Brenda Lopez, CMC, City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Victor Ponto, City Attorney

I, Brenda Lopez, City Clerk of the City of Adelanto, California, do hereby certify that the foregoing Ordinance No. 601 was duly introduced for first reading on the 24<sup>th</sup> day of April, 2019 and adopted at a regular meeting of the City Council of the City of Adelanto on this day 8<sup>th</sup> day of May, by the following voter, to wit:

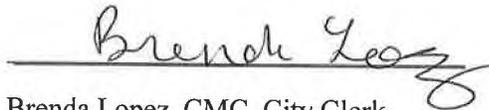
AYES: Council Members Camargo, Hernandez, Jeannette, Mayor Pro Tem Evans, and Mayor Reyes

NOES: None

ABSENT: None

ABSTAIN: None

IN WITNESS WHEREOF, I hereunto set my hand and affix the official seal of the City of Adelanto on this 8<sup>th</sup> day of May, 2019

  
Brenda Lopez, CMC, City Clerk