

**CITY OF WOODLAND
CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE "K"
CANNABIS BUSINESS TAX**

On June 21, 2022, the City Council voted to place Measure "K" on the November 8, 2022 general municipal election ballot.

If approved by a majority of Woodland voters, this Measure would add Chapter 3.36 (Cannabis Business Tax) to the Woodland Municipal Code and enact a tax on cannabis businesses operating within the City at a rate of 10% of gross receipts generated by the cannabis business. The proposed tax does not apply to the use of cannabis or the cultivation of cannabis for personal use as authorized under state law.

Voter approval would be required to increase the maximum tax rate or change the tax methodology established in Chapter 3.36. However, the City Council would be authorized to amend the regulatory scheme without voter approval, including lowering the tax rate or setting differential tax rates for the various categories of cannabis businesses, provided that it does not exceed the maximum rate of 10% of gross receipts. This local tax is in addition to taxes collected by the State from cannabis businesses.

State law allows cities to determine whether to allow cannabis businesses to operate in their jurisdiction. Chapters 5.28 and 17.110 of the Woodland Municipal Code allow for a maximum of six non-retail cannabis businesses within the City, which may include manufacturing facilities, distribution activities, cultivation and testing laboratories, and further allow for the issuance of a maximum of four cannabis retail permits for storefront sales of cannabis products within the City. All of these businesses will be subject to the tax.

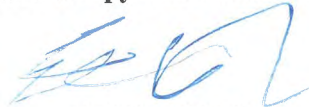
This tax would be a "general tax". Thus, revenues raised from the tax would go into the City's general fund to pay for any lawful City program, improvement, or service, such as law enforcement, parks and youth/senior services, street repair, and other general services.

If approved, the City would begin to collect the tax starting on July 1, 2023. The tax would remain in effect until repealed by Woodland voters voting at a subsequent election.

A "yes" vote on Measure "K" will authorize the cannabis business tax.

A "no" vote on Measure "K" will not authorize the cannabis business tax.

The above statement is an impartial analysis of Measure "K". If you desire a copy of the Measure, please call the City's elections official at (530) 661-5806 and a copy will be mailed at no cost to you.



ETHAN WALSH
City Attorney