

CITY ATTORNEY'S IMPARTIAL ANALYSIS  
MEASURE G

The City of South Lake Tahoe collects business and profession taxes from all businesses for the privilege of doing business in the city, at the rates set forth in Chapter 3.35 of the South Lake Tahoe City Code. Measure G, called the "South Lake Tahoe Cannabis Funding/Taxation Measure," would amend Chapter 3.35 to establish a business and professions tax specific to cannabis businesses. This tax would replace the existing community benefit fee collected under agreements with the cannabis businesses. This tax rate would be set initially at the same rate as the current fee: 6 percent of gross receipts for cannabis retail, distribution, and manufacturing, and \$20 per square foot of canopy of cultivation. This is an excise tax to be paid by the businesses and not a sales or use tax imposed directly on consumers. Cannabis businesses, however, may separately identify the tax on invoices and receipts. This tax rate would be a maximum rate that could be adjusted up or down by a resolution of City Council up to this maximum rate. Any increase above the maximum rate would require voter approval.

Measure G is a "general tax" because it is not restricted to any specific purpose and the tax proceeds would be deposited into the City's general fund and available to support the full range of municipal services and facilities. As a general tax, Measure G requires a majority "yes" vote of South Lake Tahoe voters who vote in the election on November 8, 2022, to become effective. If approved, the tax would be effective ten days after certification of the election results, and would be collected until ended by voters. The tax would offset the community benefit fees currently paid by cannabis businesses. In other words, cannabis businesses would not continue to be subject to the existing community benefit fee in addition to the tax. The agreements with cannabis businesses under which the community benefit fee is currently collected would sunset when the current terms of those agreements expire. Measure G is expected to generate approximately \$950,000 a year to fund general city services.

Measure G is solely a tax measure and does not modify the land use, permitting, and public safety regulations already applicable cannabis businesses in other sections of the South Lake Tahoe City Code and state law. The South Lake Tahoe City Council placed Measure G on the ballot.

In summary:

A "yes" vote on Measure G is to approve a local cannabis business and professions tax in the City of South Lake Tahoe at a rate not to exceed the maximum rates stated in the Measure.

A "no" vote on Measure G is to reject a local cannabis business and professions tax in the City of South Lake Tahoe.

A full copy of the text of the cannabis business and professions tax ordinance is printed in these ballot materials.

/s/ Heather L. Stroud  
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City of South Lake Tahoe