

MEASURE Q

CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE Q

The City Council of the City of Mountain View has placed Measure Q on the November 6, 2018 ballot, which would approve a Cannabis Business Tax Ordinance establishing a tax to be applied to all persons engaged in a cannabis business in the City of up to nine percent (9%) of the gross receipts of these businesses.

Currently, cannabis businesses are not permitted to operate in the City. The cannabis business tax would not change this. However, the City Council will be considering an ordinance allowing and regulating cannabis retail businesses to operate in the City this fall.

If cannabis businesses are permitted in the City, Measure Q sets a maximum tax rate on all cannabis businesses of up to nine percent (9%) on gross receipts. For example, a cannabis business with gross receipts totaling \$100,000 would pay up to \$9,000 in taxes to the City. Voter approval would be required to increase the tax rate above nine percent (9%) or to change the purpose of the ordinance. However, the City Council would have the ability to amend the ordinance to modify the tax rate or establish different rates for medical and recreational cannabis, so long as the rate does not exceed nine percent (9%). If this measure is approved by a majority of the voters, the Cannabis Business Tax Ordinance would become effective only when an ordinance allowing cannabis businesses to operate in Mountain View is adopted by the City Council and becomes effective.

As a business tax, this measure applies only to cannabis businesses operating in Mountain View. It is not a tax on consumers or users.

The City estimates this tax could generate approximately \$1 million annually. The cannabis business tax is a general tax and can be used for general municipal purposes. All tax proceeds would go into the City's general fund.

Any funds generated by the cannabis tax would be subject to an independent annual audit.

A "YES" vote would adopt the Cannabis Business Tax Ordinance. A "NO" vote would not adopt the Cannabis Business Tax Ordinance.

Measure Q would be approved if it received a simple majority of "YES" votes.

The above statement is an impartial analysis of Measure Q. If you desire a copy of the ordinance or measure, please call the City Clerk at (650) 903-6304 and a copy will be mailed at no cost to you. Copies are also available in the City Clerk's Office and on the City's website at www.mountainview.gov.

By: /s/ Jannie L. Quinn
City Attorney, City of Mountain View

ARGUMENT IN FAVOR OF MEASURE Q

In November 2016, Mountain View residents voted overwhelmingly in support of Proposition 64, which legalized recreational cannabis in California. Since then the City Council and staff have been working diligently to create a regulatory framework that implements the voters' wishes while keeping our residents and our children safe. A limited number of retail and delivery businesses, vetted by our police department, will likely be allowed in commercial areas away from schools. Smoking marijuana will not be allowed in the stores or any public place.

This summer the Council voted unanimously to ask Mountain View voters to tax cannabis sales at a reasonable rate and use those funds to enhance public safety and quality of life. Our top priority is public health and safety, and it makes sense to tax marijuana sales at a reasonable rate to fund key initiatives and mitigate any negative impacts of recreational marijuana sales and use.

After extensive community and industry outreach, the Council carefully selected a tax rate that will meet our community's needs while discouraging black market sales. We respectfully request your support for a tax of up to 9% on marijuana sales in Mountain View so that the cannabis industry pays its fair share toward our community needs.

The tax revenue will be used for important general services, including enforcement of cannabis regulations such as buffer zones around schools and sensitive areas, enhancing public safety, and funding health, education, and homeless initiatives.

Please join us in voting YES on Measure Q to responsibly regulate and tax the sale of cannabis in Mountain View. By acting now, we will have a tax in place before the first cannabis businesses are licensed early in 2019.

/s/ Lenny Siegel
Mayor, City of Mountain View

/s/ Pat Showalter
Councilmember, Former Mayor, City of Mountain View

/s/ Michael Fischetti
MD, MPH, Member, Santa Clara County Health Advisory Commission

/s/ Sean Kali-Rai
President & Founder, Silicon Valley Cannabis Alliance

/s/ John McAlister
Councilmember/Former Mayor, City of Mountain View

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE Q

Proponents of a ballot measure naturally emphasize its good aspects. This marijuana tax would raise money IF the city government proceeds later to allow marijuana stores in Mountain View.

Giving the city government a PIECE OF THE ACTION encourages the action-whether it is authorizing marijuana stores or authorizing more office space for legions of additional private-sector employees.

Marijuana is not the biggest evil this side of Washington D.C. It has medical uses. and even its recreational use is far better than drinking alcohol. Unfortunately, marijuana is not often used in place of alcohol-just in addition. And its possession and sale remain crimes under federal law.

Not every money-making enterprise is good for every city. A few years ago, for example, Milpitas voters rejected a proposed gigantic card room (Bay 101) which then rebuilt across Highway 101 in San Jose.

Milpitas did not make money by saying NO to a card room that would have generated millions of dollars for its city government. But Milpitas did retain some integrity.

The lesson here is that city government is always eager to get more money, but voters sometimes have the sense to say NO if the proposal is not, on balance, best for the community.

/s/ Gary Wesley

ARGUMENT AGAINST MEASURE Q

On June 26, the Mountain View City Council unanimously placed two revenue measures on the November 6 ballot. This one would impose a tax of (up to) 9% on retail marijuana sales in the city. The other measure would increase the business license fee and establish a per-employee tax of (up to) 150 per year.

These revenue measures will not yield enough money to help much. The new business/employee tax might net \$5-10 million per year; the marijuana tax would raise \$90,000 per year on \$1 million in sales.

Currently, no retail sales of marijuana are allowed in this city. Many folks would like to keep it that way. Marijuana sales remain illegal under federal law, and adult recreational use can be expected to increase use by younger persons.

Neither city measure on the November ballot was written as a **"special tax."** A special tax would require two-thirds voter approval and limit use of the proceeds to listed purposes.

Instead, the City Council went along with city staff and is proposing **two general tax measures** that only need a simple majority of those voting to pass and permit the money raised to be spent on most anything the city government wishes.

/s/ Gary Wesley

REBUTTAL TO ARGUMENT AGAINST MEASURE Q

Mountain View residents voted overwhelmingly in 2016 to legalize, regulate, and tax medical and recreational cannabis sales to adults. Consequently, the City Council directed city staff to carefully develop a reasonable regulatory framework and permitting process that enables the Police Department and other staff to screen and select vendors beginning in late 2018.

This measure is simple but necessary: it authorizes the City Council to set a cannabis gross receipts tax of up to 9%. This level, similar to tax rates in other communities, is designed to encourage the creation of legal, regulated, and monitored cannabis businesses while avoiding driving the market underground. These businesses will be primarily devoted to the sale of cannabis, not its use. They will be required to adhere to strict testing requirements that ensure product quality and safety.

Based on State data, this new tax is estimated to generate approximately \$1 million annually, providing a stable revenue source to support any public health or safety impacts of legalization, as well as critical general services such as 9-1-1, road repairs, the library, park maintenance, and senior services.

Vote YES on Measure Q for a sensible approach to the legalization of cannabis in Mountain View.

/s/ Lenny Siegel
Mayor, City of Mountain View

/s/ Margaret Abe-Koga
Councilmember, Former Mayor, City of Mountain View

/s/ Pat Showalter
Councilmember, Former Mayor, City of Mountain View

/s/ Sean Kali-Rai
President & Founder, Silicon Valley Cannabis Alliance

/s/ Michael Fischetti
MD, MPH, Member, Santa Clara County Health Advisory Commission