

## IMPARTIAL ANALYSIS OF MEASURE X

The City Council is submitting to the voters the question of whether to approve an ordinance enacting a tax on commercial cannabis activity within the City of Rio Dell to fund City services and facilities, such as improving police protection, repairing streets and potholes, and improving other City services and facilities.

The ordinance creates a range of tax rates the City Council may impose from time to time. For persons authorized by permit to engage in commercial cannabis cultivation, the tax rate is either: (a) \$0.00 to \$5.00 for each square foot of cultivation space allowed by the permit or (b) 0% to 10% of the business' gross receipts. As part of the ordinance, the City Council elected to set the initial tax rate at \$2.00 per square foot for all commercial cultivation activity, except for persons authorized by permit to operate a nursery, who will be taxed at the rate of 2% of gross receipts. For all other authorized commercial cannabis activity within the City, the tax rate range is 0% to 10% of the business' gross receipts. As part of the ordinance, the City Council elected to set the initial tax rate at 2% of gross receipts.

If the ordinance is approved, the City Council retains the discretion to adjust the applicable tax rate within the range of rates in the future without seeking voter approval. The City Council may not, however, increase the tax rate more than once per calendar year and may not increase the currently imposed rate by more than \$1.00 per square foot or 2% of gross receipts at a time.

The proposed ordinance imposes a tax only upon those persons engaged in commercial cannabis activity under a permit issued by the City. The tax is not imposed upon persons cultivating cannabis for their personal use.

The tax proceeds would be deposited into the City's general fund and be available to support the full range of municipal services. Because this measure does not legally restrict the use of tax revenue to any specific purposes, it is classified as a "general tax," not a "special tax." The tax proceeds cannot legally be taken away by the State. The tax proceeds would be subject to the same independent annual audit requirements as other general fund revenue. The audit report would be a matter of public record.

A "Yes" vote is a vote in favor of the tax. A "No" vote is a vote against the tax. This measure would be approved if it receives a simple majority of "Yes" votes.

/s/ Russell S. Gans  
City Attorney for the City of Rio Dell

The above statement is an impartial analysis of Measure "X". If you desire a copy of the Measure, please call the Elections Official's office at (707) 445-7481 and a copy will be mailed at no cost to you. The Measure is also available at the Rio Dell City Clerk's Office or by visiting [www.riodellcity.com](http://www.riodellcity.com).

## ARGUMENT IN FAVOR OF MEASURE X

**Measure "X"** is a comprehensive tax on all aspects of the emerging legal commercial cannabis industry. The tax will only be levied on city approved commercial cannabis operators and not on the general public.

Measure X will help fund basic City services such as street reconstruction and public safety and will help spur additional economic development outside of the cannabis industry.

In 2016, the City Council rezoned the former Eel River Sawmills (now known as the Humboldt Rio Dell Business Park) to allow for tightly controlled commercial cannabis activity at the unused industrial site. This location is far away from residential areas of the City but is within the city limits. Interest in the site has gained tremendous momentum with 50,000 square feet of development already through the Planning Commission. The site is expected to create **100 jobs** and another 50 could be possible. This is the largest economic development activity in Rio Dell's history with over \$8,000,000 in new development.

Under State law, cities and counties are allowed and encouraged to pass revenue measures on cannabis to help fund services to the broader community. Many have already passed such measures. Rio Dell is uniquely positioned to reap tremendous benefits from this emerging legal industry, with estimated revenues of **\$980,000 annually**.

Revenues generated from Measure "X" can go towards the city's infrastructure, including streets and parks. The funds can be used to preserve and build up our Police Department and spur additional economic development. The funds can even be used to *lower your sales taxes* without diminishing public services.

Without Measure "X" the broader community will reap no benefit from these legal developments.

Your **YES** vote will show your support for protecting and enhancing the interests, values and quality of life for the residents of Rio Dell.

Respectfully submitted,

/s/ Graham Hill, Ex-Police Chief, City of Rio Dell  
/s/ John Beauchaine, President Rio Dell Police Officer Association  
/s/ Shane Wilson, Rio Dell Resident  
/s/ Frederick Charles Grundman, Pres. Grundman's Sporting Goods  
/s/ Linda G. Barsanti, Rio Dell Resident

## Ballot Label

### **MEASURE X**

#### **CITY OF RIO DELL CANNABIS BUSINESS TAX**

Shall the ordinance creating a new business tax of up to five dollars per square foot of space utilized for certain commercial cannabls cultivation activity and, for other commercial cannabls activity, a tax of up to ten percent of gross receipts be adopted, with all proceeds placed in the City's General Fund to be used for any governmental purpose? The tax imposed by this Ordinance is expected to generate \$980,000 in annual revenue and will continue in effect until later repealed.

YES

NO