

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
CHULA VISTA SETTING THE CANNABIS BUSINESS TAX
AT 7% OF GROSS RECEIPTS

WHEREAS, in March 2018, the City Council adopted Ordinance No. 3418, codified as Chula Vista Municipal Code Chapter 5.19, which created a licensing and regulatory structure for the operation of lawful cannabis businesses in the City of Chula Vista (the “Cannabis Licensing Ordinance”); and

WHEREAS, the legal effectiveness of the Cannabis Licensing Ordinance was made expressly contingent upon the voter approval of a tax measure imposing an excise tax on all commercial cannabis businesses in the City; and

WHEREAS, in August 2018, the City Council adopted Ordinance No. 3434, adding Chapter 5.21, “Cannabis Business Tax” to title 5 of the Chula Vista Municipal Code; subject to the approval of a simple-majority vote of the electorate; and

WHEREAS, in November 2018 the voters of the City of Chula Vista approved Ordinance No. 3434, which then became effective in December 2018; and

WHEREAS, Chula Vista Municipal Code Section 5.21.050 imposes on every cannabis business in the City, excluding cannabis cultivation businesses, an annual tax rate to be established by ordinance or resolution of the City Council within the range of five percent up to a maximum of fifteen percent of the business’s gross receipts; and

WHEREAS, staff surveyed cannabis business gross receipts tax rates statewide and found the state average to be approximately six percent for all cannabis businesses, excluding commercial cannabis cultivation businesses; and

WHEREAS, staff has determined that the City of San Diego has implemented an eight percent tax for retail cannabis businesses; and

WHEREAS, staff is recommending that the City Council establish the initial Cannabis Business Tax rate at 7%, pursuant to Chula Vista Municipal Code Section 5.21.050.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chula Vista, that it does hereby establish the Cannabis Business Tax rate at 7%, pursuant to Chula Vista Municipal Code Section 5.21.050.

Presented by

Approved as to form by

Kelley K. Bacon
Deputy City Manager

Glen R. Googins
City Attorney

