



**DATE:** June 11, 2019

**CATEGORY:** Consent

**DEPT.:** Community Development, City Attorney's Office, and Finance and Administrative Services

**TITLE:** **Amendments to Cannabis Business Regulations (Second Reading)**

### **RECOMMENDATION**

1. Adopt an Ordinance Amending Cannabis Regulations in Article IX, Division 21 of Chapter 36, to Prohibit Storefront Retail Cannabis Businesses within the City, Maintain Existing Sensitive Use Buffers, Establish a Minimum Distance of 600' between Cannabis Businesses, and Establish a Maximum Number of Nonstorefront Cannabis Businesses to Three in the City, to be read in title only, further reading waived (Attachment 1 to the Council report). (First reading: 7-0)
2. Introduce an Ordinance Amending Cannabis Regulations in Article V, Division 2, and Article VI, Divisions 2 and 3, of Chapter 36 to Amend Land Use and Permitting Requirements to Prohibit Storefront Retail Cannabis Businesses within the City, to be read in title only, further reading waived, and set a second reading for June 25, 2019 (Attachment 2 to the Council report).
3. Adopt a Resolution Amending the P-19 (Downtown) Precise Plan, the P-38 (El Camino Real) Precise Plan, and the P-39 (North Bayshore) Precise Plan to Prohibit Storefront Retail Cannabis Businesses within their Boundaries, to be read in title only, further reading waived (Attachment 3 to the Council report).
4. Adopt a Resolution Amending the City of Mountain View Master Fee Schedule to Modify the Cannabis Business Registration Fee, to be read in title only, further reading waived (Attachment 4 to the Council report).
5. Adopt a Resolution Establishing a Cannabis Tax Rate of 9 Percent of Gross Receipts, to be read in title only, further reading waived (Attachment 5 to the Council report).

## SUMMARY

On February 12, 2019, a majority of the City Council agreed to have a future discussion regarding possible amendments to the recently adopted cannabis regulations.

On March 5, 2019, after extensive public input, the City Council discussed potential amendments to the existing cannabis regulations at a public meeting. The Council provided policy direction to delay the permitting process of cannabis businesses until potential amendments to the regulations are presented to the Council for consideration and possible adoption.

The EPC held a public hearing on April 24, 2019 to discuss potential amendments to the existing cannabis regulations and provided recommendations to the City Council.

On May 23, 2019, the City Council held a public hearing to consider the amendments to the cannabis regulations. The Council approved the following motions:

1. Adopt a Resolution Amending the P-40 (San Antonio) Precise Plan to Prohibit Cannabis Businesses within the San Antonio Precise Plan Boundaries.
2. Introduce an Ordinance Amending Cannabis Regulations in Article IX, Division 21 of Chapter 36, to Prohibit Storefront Retail Cannabis Businesses within the City, Maintain Existing Sensitive Use Buffers, Establish a Minimum Distance of 600' between Cannabis Businesses, and Establish a Maximum Number of Nonstorefront Cannabis Businesses to Three in the City.
3. Direct staff to give priority to the eligible nonstorefront retail business, followed by applications that have been deemed eligible.
4. Direct staff to return with any other amendments deemed necessary to consistently implement these amendments.

In order to consistently implement these amendments, the following are necessary:

1. Amendments to Articles V and VI (Chapter 36 of the City Code) to prohibit storefront retail cannabis businesses in commercial and industrial zoning districts.
2. Amendments to the P-19 (Downtown) Precise Plan, the P-38 (El Camino Real) Precise Plan, and the P-39 (North Bayshore) Precise Plan to prohibit storefront retail cannabis businesses in these precise plans.

3. Amendments to the Cannabis Business Registration Fee to recalculate the cost per business based on a maximum of three businesses.

### **Cannabis Tax**

The Cannabis Tax Ordinance, adopted by the majority of Mountain View voters in November 2018, established a maximum tax rate on all cannabis businesses of up to 9 percent on gross receipts.

The ordinance gives the City Council discretion to implement a tax of 9 percent or lower. The City estimates possible annual revenue of \$200,000 per business in local taxes, based on a 9 percent rate. This is approximately \$20,000 for each 1 percent per business.

### **FISCAL IMPACT**

All permitting, regulation, and enforcement processes related to cannabis businesses will be cost-recovered.

The City estimates possible annual revenue of \$600,000 in local cannabis taxes, based on a 9 percent rate. The cannabis business tax is a general tax enacted for general municipal purposes such as public safety, transportation, library, park maintenance, and senior services. All tax proceeds would be deposited into the City's General Operating Fund and used for any legitimate governmental purpose.

### **ALTERNATIVES**

1. The City Council could choose not to adopt the ordinances or resolutions.
2. The City Council could choose to adopt a cannabis tax rate lower than 9 percent.

**PUBLIC NOTICING**

Agenda posting. The ordinance was published at least two days prior to adoption in accordance with City Charter Section 522.

Prepared by:

Clarissa Burke  
Senior Planner

Krishan Chopra  
Senior Assistant City Attorney

Approved by:

Aarti Shrivastava  
Assistant City Manager/  
Community Development Director

Audrey Seymour Ramberg  
Assistant City Manager/  
Chief Operating Officer

CB-KC/2/CAM  
891-06-11-19CR  
190248

- Attachments:
1. Ordinance Amending Chapter 36, Article IX
  2. Draft Ordinance Amending Chapter 36, Article V and Article VI
  3. Draft Resolution Amending Precise Plans
  4. Draft Resolution Amending Master Fee Schedule
  5. Draft Resolution Establishing Cannabis Tax Rate