
City of Santa Clara Cannabis Implementation Community Update

May 30, 2018



**City of
Santa Clara**
The Center of What's Possible

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Background

- Fall 2017- City Council directed City Staff to explore regulated safe cannabis options
- Jan. 2018- Council hold study session, SCI presents Cannabis 101.
 - launched a work plan to create a policy framework to allow certain cannabis activity in Santa Clara and to create a new tax structure for future Council consideration
- Feb. 2018- SCI engaged in education and community outreach efforts holding two community meetings and two stakeholder meetings.
- March 2018- City Staff toured 2 licensed and established cannabis businesses in San Jose.
- Consultants and Staff began work to draft appropriate regulations for the City of Santa Clara

Recap and Looking Ahead

1. Community Research and Outreach (*Meetings & Surveys*)
 2. Health and Safety & Land Use Regulations (*Ordinance*)
 3. Local Industry Selections (*Application process*) Current Stage
 4. Full Cost Recovery (*Application, CUP & Regulatory Fees*)
 5. Revenue (*Taxation Ballot Measure*)
 6. Monitoring and Compliance (*As Defined by Ordinance*)
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Coming before the Council

Regulatory Ordinance

- June 26th First Reading
- July 10th Second Reading for Approval

Resolution Calling for Nov. 6, 2018 Election

- July 10th

Tax Ordinance setting Taxation Rates

- July 10th

Regulatory Fees

- September 2018

Land Use Ordinance

- Must have PC recommendation first, then expected to be reviewed at City Council
Sep. 2018



Regulatory Ordinance

- Compliant with State law
- Appropriate regulations for the City of Santa Clara and its residents
- Cannabis business sustainability
- Ordinance includes macro level structure
 - Resolutions provide process details



Draft Considerations to Regulatory Ordinance

- **Allowable Uses:**
 - Retail (including delivery)
 - Cultivation
 - Manufacturing
 - Distribution
 - Testing



Staff recommends that outdoor cultivation and volatile processing not allowed at this time

- **Number of locations:** Allow a maximum of three commercial cannabis locations within certain zoning designations in the City
- **Activities at each location:** As in San Jose, each approved location could operate multiple commercial cannabis activities
- **Contingent upon the passage of a cannabis tax measure.**

Regulatory Fees and Taxation

- Most Agencies implement both regulatory fees and balloted taxes
- Regulatory Fees generate Reimbursement Revenue Public Agencies for actual costs of regulation of legally permitted activity.
- Taxes generate New Revenue



Unique Elements of a Local Cannabis Tax



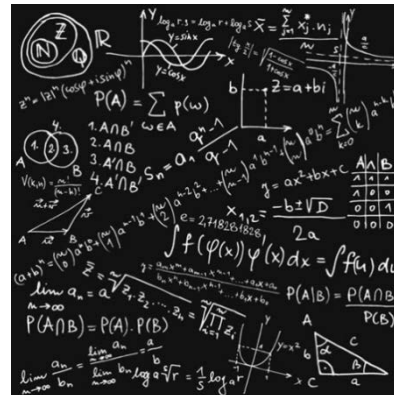
- Revenue maximization versus
 - Black Market suppression and
 - Competition from nearby municipalities
- Tax is only paid by a cannabis buyers
- Cannabis taxes are often supported by both cannabis proponents and opponents
- City will work with SCI to develop tax methodology as well as a cash management policy for collection of fees

Local Taxes in Place

- Campbell- Initial rate of 7% and a maximum rate of 15% of the gross receipts of the cannabis business
- Sacramento - 4% of gross receipts
- Oakland- 5% of gross receipts
- Richmond- 5% of gross receipts
- San Leandro - 6% of gross receipts until June 30, 2019 and increasing to 7% on July 1, 2019 and 8% on July 1, 2021 on cannabis business tax
- San Jose- 10% of gross receipts

Taxes – Revenue Generation

As a general rule of thumb, municipalities may expect to generate \$10 to \$20 per capita on an annual basis. Applying this factor to Santa Clara, a local cannabis tax measure may generate \$1.2 to \$2.4 million annually.



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- Visit www.santaclaraca.gov/cannabis to stay updated on our work efforts
 - Email cannabis@santaclaraca.gov if you have any questions

Q & A

