

CITY OF SOUTH SAN FRANCISCO MEASURE LL
CITY ATTORNEY'S IMPARTIAL ANALYSIS

Measure LL is a ballot measure that, if approved by the voters, would authorize a cannabis business license tax to be imposed for the privilege of operating a cannabis business within the City of South San Francisco ("City"). The City's current business license taxes apply to all businesses operating in South San Francisco, and businesses not assigned a specific business license tax rate must pay a general license tax rate of \$75 per business plus \$15 per employee. Measure LL would amend the City's business license tax only as applied to commercial cannabis operations. The business license tax would be based on a percentage of gross receipts of sales and would vary based on the type of permitted commercial cannabis use.

If approved, Measure LL would authorize the City Council to set the business license tax for all types of commercial cannabis operations permitted within the City at a minimum rate of 1% of gross receipts. Additionally, Measure LL would establish the following maximum rates for permitted cannabis uses: a maximum of 2.5% of gross receipts for Testing, a maximum of 4% of gross receipts for Cultivation, a maximum of 3% of gross receipts for Distribution, a maximum of 5% of gross receipts for Manufacturing, and a maximum of 5% of gross receipts for Delivery-Only, as those particular uses are defined in Chapter 20.410 of the South San Francisco Municipal Code.

Measure LL is an excise tax that would generate approximately \$400,000 to \$700,000 of additional annual revenue for unrestricted purposes. Measure LL is not a sales tax and would not be imposed directly on consumers, but rather on commercial cannabis businesses. Because Measure LL does not limit the use of tax revenue generated by this tax to specified uses, it is a general tax. Therefore, the City may use the funds for any legitimate governmental purpose. If approved by the voters, the tax will be deposited into the City of South San Francisco's General Fund and may be used to pay for and maintain parks and recreation facilities, transportation and infrastructure improvements, and public safety within the City.

A "Yes" vote is a vote to approve a business license tax on all permitted commercial cannabis uses for the privilege of operating a cannabis business in the City. A "No" vote is a vote against adopting a business license tax specific to cannabis uses. Measure LL would be approved if it received a majority of "Yes" votes.



Jason Rosenberg, City Attorney