

## IMPARTIAL ANALYSIS OF MEASURE X

San Joaquin County Ordinance  
Proposing Special Taxes on Commercial Cannabis Businesses in the Unincorporated County

Prepared by San Joaquin County Counsel

The San Joaquin County (“County”) Board of Supervisors (“Board”) placed Measure X on the ballot. If this measure is approved, an ordinance will be added to the County Ordinance Code imposing a cannabis cultivation license tax and a cannabis business tax on commercial cannabis businesses within the unincorporated area of the County. The special taxes imposed by the authorizing ordinance shall not apply to non-commercial personal cultivation of cannabis as defined by state law. Approval of Measure X would not permit commercial cannabis businesses in the unincorporated area of the County; rather, approval of Measure X would only impose taxes on any such businesses should they exist in the future.

If approved, all proceeds from the taxes must be placed in special funds and may only be used for (i) 50% of the proceeds shall be placed in the Children’s Trust Fund and used only for early childhood education and other programs that benefit children and youth; and (ii) 50% of the proceeds shall be used for services that promote public health, homeless mitigation, and enforcement of cannabis codes and statutes.

Under the authorizing ordinance, every person who cultivates commercial cannabis in the unincorporated area of the County shall pay a commercial cannabis cultivation tax. The minimum rate shall be 3.5% of gross receipts per year and the maximum rate shall be 8% of gross receipts per year. The authorizing ordinance further requires all cultivators to pay \$2.00 per square foot of licensed cultivation space on an annual basis.

Under the authorizing ordinance, every person who engages in non-cultivation commercial cannabis business in the unincorporated area of the County shall pay a commercial cannabis business tax. The minimum rate shall be 3.5% of gross receipts per year and the maximum rate shall be 8% of gross receipts per year.

Upon approval and until the Board acts to set the tax rates by resolution or ordinance, the annual tax rates shall be 3.5% of gross receipts per year.

The authorizing ordinance contains reporting, payment, audit and enforcement provisions and authorizes the County Treasurer-Tax Collector to administer the taxes. An independent audit shall be performed on an annual basis and a special oversight committee similar to the Children’s Services Coordinating Commission shall be established to ensure compliance, accountability and the proper disbursement of proceeds from the taxes.

As special taxes, two-thirds (2/3) of those voting on Measure X must approve the measure in order for it to pass. If approved, the authorizing ordinance shall become effective and operative on January 1, 2021.

**The above statement is an impartial analysis of Measure X. If you desire a copy of the ordinance or measure, please call the election official’s office at (209) 468-VOTE / (209) 468-8682, or email the election official’s office at registrar@sjgov.gov, and a copy will be mailed at no cost to you.**