

## **RESOLUTION NO. 2022-43**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CATHEDRAL CITY, CALIFORNIA, ESTABLISHING AN EXEMPTION TO THE CANNABIS TAX FOR PORTIONS OF CANNABIS CULTIVATION SPACE WHERE CANNABIS IS NOT PHYSICALLY PRESENT PURSUANT TO SECTION 3.48.040 OF THE CATHEDRAL CITY MUNICIPAL CODE**

#### **THE CITY COUNCIL OF THE CITY OF CATHEDRAL CITY FINDS:**

A. At the November 2016 general election the voters approved Measure P, which imposes the following taxes on cannabis businesses in the City:

- Fifteen cents for each one dollar of gross receipts or fractional part thereof received by a dispensary or by any other cannabis business for activities other than cannabis cultivation or manufacturing.
- Twenty-five dollars for each square foot or fractional part thereof of cannabis cultivation space.
- One dollar for each gram of cannabis concentrate produced or manufactured.
- One dollar for each unit of cannabis-infused product other than cannabis concentrate produced or manufactured and packaged or intended for individual sale.

B. Measure P authorizes the Council to set the taxes on cannabis at lower rates than what was approved by the voters, and to establish exemptions, incentives, or other reductions.

C. Via City Council Resolution Nos. 2017-13, 2018-46, 2019-02, and 2020-05 the City Council has lowered the cannabis tax rates.

D. The City Council now desires to exempt from the cannabis cultivation tax portions of the cannabis cultivation space where cannabis is not physically present, as provided herein.

#### **THE CITY COUNCIL OF THE CITY OF CATHEDRAL CITY RESOLVES:**


**SECTION 1.** The gross square footage of the cannabis cultivation space, as defined in the Cathedral City Municipal Code ("CCMC") Section 3.48.020, subject to taxation pursuant to Chapter 3.48 of the CCMC shall be reduced to exempt from taxation those rooms where cannabis is not physically present on a regular basis, including but not limited to nutrient rooms, storage rooms, hallways, offices, employee lounges, and restrooms.

**SECTION 2.** The exemption provided in Section 1 of this Resolution becomes effective for each licensee upon the renewal of each cultivation license or upon issuance of any new cultivation license.

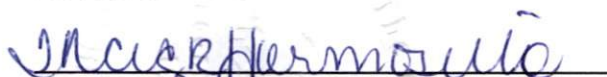
**SECTION 3.** This Resolution shall take effect immediately.

**PASSED, APPROVED AND ADOPTED** at a regular meeting of the City Council of the City of Cathedral City held on this 10<sup>th</sup> day of August, 2022, by the following vote:


Ayes: Councilmembers Gregory, Ross and Carnevale; Mayor Pro Tem  
Lamb and Mayor Gutierrez  
Noes: None  
Absent: None  
Abstain: None

  
Ernesto Gutierrez, Mayor

ATTEST:

  
Tracey R. Hermosillo, City Clerk

APPROVED AS TO FORM:

  
Eric S. Vail, City Attorney