

RESOLUTION NO. 2022-44

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CATHEDRAL CITY, CALIFORNIA, ESTABLISHING EXEMPTIONS TO THE CANNABIS TAX FOR CANNABIS CULTIVATION BUSINESSES FOR THE FIRST 90 DAYS OF OPERATIONS AND WHEN OPERATIONS ARE TEMPORARILY SUSPENDED 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 certain legally established cannabis cultivation businesses that have not yet commenced operations or who provide the City with a notice of non-operation, as provided herein.

THE CITY COUNCIL OF THE CITY OF CATHEDRAL CITY RESOLVES:

SECTION 1. Except as provided in Section 2 of this Resolution, every cannabis business operating in the City shall pay the cannabis tax imposed in Section 3.48.010 of the Cathedral City Municipal Code, as such tax may be adjusted from time to time by the City Council pursuant to Section 3.48.040 of the Cathedral City Municipal Code.

SECTION 2. The cannabis tax imposed in paragraph B of Section 3.48.010 of the Cathedral City Municipal Code, as it may be adjusted from time to time by resolution of the City Council pursuant to Section 3.48.040 of the Cathedral City Municipal Code, shall not apply to a legal cannabis cultivation business during the following time periods:

A. Early Operations. A legal cannabis cultivation business shall not be subject to taxation under paragraph B of Chapter 3.48 of the Cathedral City Municipal Code until 90 days after a certificate of occupancy (whether temporary or final) is issued for the business or any portion thereof.

B. Suspended Operations. A legal cannabis cultivation business shall not be subject to taxation under paragraph B of Chapter 3.48 for a period of no more than ninety (90) days if the cannabis licensee provides the City with written notice that it will be suspending all cultivation operations under its local license for a period of at least ninety (90) days but no longer than the remaining term of the local license issued by the City pursuant to Chapter 5.88 of the Cathedral City Municipal Code. This exemption may be invoked one (1) time per license.

SECTION 3. All definitions in Chapters 3.48 and 5.88 of the Cathedral City Municipal Code shall apply to this Resolution.

SECTION 4. 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 10th day of August, 2022, by the following vote:

Ayes: Councilmembers Gregory, Ross and Carnevale; Mayor PRO Tem Lamb and Mayor Gutierrez

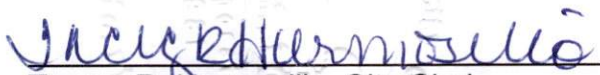
Noes: None

Absent: None

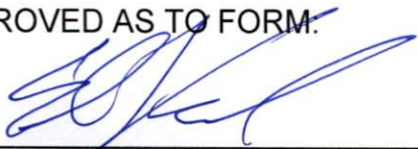
Abstain: None


Ernesto Gutierrez, Mayor

ATTEST:


Tracey R. Hermosillo, City Clerk

APPROVED AS TO FORM:

A handwritten signature in blue ink, appearing to read 'E. Vail', is written over a horizontal line.

Eric S. Vail, City Attorney