

## **RESOLUTION NO. 2023-03**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CATHEDRAL CITY, CALIFORNIA, REDUCING THE CANNABIS CULTIVATION, DISPENSARY, AND MANUFACTURING TAX 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 No. 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 further reduce the tax on cannabis cultivation space, cannabis dispensaries and cannabis manufacturing provided that the cannabis business is current on all taxes due to the City.

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

**SECTION 1.** The tax on cannabis cultivation space imposed by Section of 3.48.010 of the Cathedral City Municipal Code is lowered to ten dollars (\$10.00) for each square foot or fractional part thereof of cannabis cultivation space.

**SECTION 2.** The tax on gross receipts or fractional part thereof received by a cannabis dispensary imposed by Section 3.48.010 of the Cathedral City Municipal Code is lowered to five percent (5%).

**SECTION 3.** The tax on each cannabis piece (e.g., pre-roll, etc.,) produced or manufactured as imposed by Section 3.48.010 of the Cathedral City Municipal Code is lowered to five cents (\$0.05). This reduction does not apply to the production or manufacturing of cannabis oils, distillate, or other liquids.

**SECTION 4.** This Resolution shall apply to cannabis businesses that have paid all taxes due to the City as of February 28, 2023. Should a cannabis business become current on all taxes after February 28, 2023, the lower tax rates within this Resolution will apply to the business beginning on the first day of the month following the month the business becomes current. There will be no partial month prorations.

**SECTION 5.** This Resolution shall take effect March 1, 2023.

**PASSED, APPROVED AND ADOPTED** at a regular meeting of the City Council of the City of Cathedral City held on this 22<sup>nd</sup> day of February, 2023, by the following vote:

Ayes: Councilmember Gutierrez, Gregory and Ross; Mayor Pro Tem Carnevale and Mayor Lamb

Noes: None

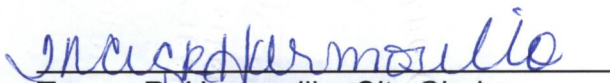
Absent: None

Abstain: None

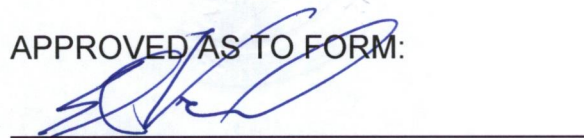


Rita Lamb, Mayor

ATTEST:

  
Tracey R. Hermosillo, City Clerk

APPROVED AS TO FORM:

  
Eric S. Vail, City Attorney