



DAN KALB, Council Member 19 JUL 11 PM 4: 29 **CITY OF OAKLAND**
CITY HALL - ONE FRANK H. OGAWA PLAZA, 2ND FLOOR - OAKLAND - CALIFORNIA 94612

To: City Council and Members of the Public
From: Council President Pro Tempore Dan Kalb
Date: July 11, 2019
Subject: Item 9.1 - Ordinance Amending Cannabis Business Tax Rates

Colleagues and Members of the Public,

This memorandum accompanies a slightly modified version of the Ordinance Amending Cannabis Business Tax Rates that I filed on July 3, 2019. The technical changes that were made to that version are as follows:

1. Removes Wholesale Sales from the definition of "Cannabis Storage or Packaging;"
2. Amends the definition of "Cannabis Distribution and Transportation" to include Wholesale Sales;
3. Updates Cannabis Testing being taxed as a non-cannabis business, effective in 2020 instead of 2021.

Clean and Track Changes versions of the revised legislation are included.

Respectfully submitted,

A handwritten signature in cursive script that reads "Dan Kalb".

Dan Kalb, Councilmember, District 1

19 JUL 11 PM 4:24

APPROVED AS TO FORM AND LEGALITY

DRAFT

INTRODUCED BY COUNCILMEMBER KALB AND PRESIDENT KAPLAN

CITY ATTORNEY'S OFFICE

OAKLAND CITY COUNCIL

ORDINANCE NO. _____ C.M.S.

ORDINANCE AMENDING OAKLAND MUNICIPAL CODE TITLE 5, CHAPTER 5.04, SECTION 5.04.480, TO CREATE A CATEGORY AND TIER BASED TAX STRUCTURE, ELIMINATE THE DISTINCTION BETWEEN MEDICAL AND NON-MEDICAL RATES AND REDUCE THE TAX RATE FOR CANNABIS BUSINESSES

WHEREAS, Chapter 5.04 of the Oakland Municipal Code contains the business tax ordinance, which applies to all persons engaged in business activities in Oakland; and

WHEREAS, Oakland's business tax applicable to non-medical cannabis businesses is the highest rate of any business tax in Oakland; and

WHEREAS, the City of Oakland's business tax rate for non-medical cannabis businesses is 10% of gross receipts, while the business tax rate for medical cannabis businesses is 5% of gross receipts; and

WHEREAS, Oakland's 10% tax rate for non-medical cannabis businesses is higher than almost all of our regional competitors, putting our cannabis industry at a competitive disadvantage risking potential loss of certain cannabis businesses in Oakland; and

WHEREAS, on November 6, 2018, Oakland voters passed Measure V, which authorized the Oakland City Council, in relevant part, to change cannabis business tax rates in any manner that does not increase the applicable tax rate; and

WHEREAS, with California legalizing 'Adult Use' cannabis for sales and consumption, it no longer makes sense to have separate rates for medical and non-medical cannabis;

WHEREAS, Oakland has a cannabis equity program with the goal of helping equity eligible businesses—mostly small businesses—thrive and stay competitive in the marketplace; and

WHEREAS, high tax rates for legal cannabis business activity is likely to continue bolstering the illegal 'underground' market, thereby reducing potential tax revenue for Oakland after it has been supportive and inviting of the cannabis industry in years past; and

WHEREAS, the City of Oakland seeks to enhance our competitiveness, attract additional cannabis businesses, and ultimately optimize our cannabis tax revenues by imposing competitive tax rates that allow our cannabis businesses to thrive and stay in Oakland; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

SECTION 1. Title 5, Chapter 5.04 of the Oakland Municipal Code containing the business tax requirements applicable to cannabis businesses is amended to add, delete or modify sections as set forth below (section numbers and titles are indicated in bold type; additions are indicated by underscoring and deletions are indicated by strike-through type.) Portions of regulations not cited or not shown in underscoring or strike-through are not changed.

SECTION 2. Code Amendments.

Title 5, Chapter 5.04, section 5.04.480, is amended as follows:

5.04.480 – Cannabis businesses.

A. Definitions. The following definitions apply to this section:

1. “Cannabis Business” means any business that involves planting, cultivating, harvesting, transporting, dispensing, delivering, selling at retail or wholesale, manufacturing, compounding, converting, processing, preparing, storing, packaging, or testing any part of the plant Cannabis sativa L. or any of its derivatives.
2. “Cannabis Cultivation” means to plant, grow, harvest, dry, cure, grade, or trim cannabis.
3. “Cannabis Distribution and Transportation” means any business that sells at wholesale and any business that transports cannabis between licensees, including any business that operates under a “Distributor” license issued by the California Bureau of Cannabis Control pursuant to California Business and Profession’s Code section 26070, and as that section may be amended or renumbered.
4. “Cannabis Manufacturing” means any business that produces, prepares, propagates, or compounds cannabis or cannabis products, directly or indirectly, by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis.
5. “Cannabis Storage or Packaging” means any business that packages or stores cannabis but only to the extent that the business’s packing or storing activity is not attributable to Cannabis Cultivation, Cannabis Manufacturing, or Retail Cannabis carried on within Oakland.

6. “Medical Cannabis Business” means any Cannabis Business conducted pursuant to Health and Safety Code Sections 11362.5 and 11362.7—11362.83.
7. “Non-Medical Cannabis Business” means any Cannabis Business not conducted pursuant to Health and Safety Code Sections 11362.5 and 11362.7—11362.83.
8. “Retail Cannabis” means any business that dispenses or sells cannabis for use or consumption by end-users, either in-person, by delivery, or in conjunction with another party, and includes any business regulated or permitted by Chapter 5.80 of this Code and as that Chapter may be re-numbered or amended.
9. “Cannabis Testing” means any business that conducts analytical testing of cannabis, cannabis-derived products, hemp, or hemp-derived products.

B. Business Tax Rate.

Every person engaged in a Cannabis Business shall pay business tax at the rates provided in this Section.

1. Under \$500k Businesses.

With respect to any 2020 business tax certificate, and for each following year, and for a business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019, Every person engaged in a Cannabis Business with total gross receipts less than or equal to five hundred thousand dollars (\$500,000.00) shall pay a business tax of one-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

2. Retail Cannabis (Under \$1 million).

Every person engaged in Retail Cannabis with total gross receipts greater than five hundred thousand dollars (\$500,000.00) but less than or equal to one million dollars (\$1,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus

ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate:

i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to five hundred thousand dollars (\$500,000.00); plus

ii. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five hundred thousand dollars (\$500,000.00).

c. Annual 2022 Business Certificates and After.

With respect to any 2022 business tax certificate and for each following year:

i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to five hundred thousand dollars (\$500,000.00); plus

ii. Thirty dollars (\$30.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five hundred thousand dollars (\$500,000.00).

3. Retail Cannabis (Under \$5 million).

Every person engaged in Retail Cannabis with total gross receipts greater than one million dollars (\$1,000,000.00) but less than or equal to five million dollars (\$5,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus

ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate, fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

c. Annual 2022 Business Certificates and After.

With respect to any 2022 business tax certificate and for each following year:

i. Thirty dollars (\$30.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million dollars (\$1,000,000.00); plus

ii. Forty dollars (\$40.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million dollars (\$1,000,000.00).

4. Retail Cannabis (Over \$5 million).

Every person engaged in Retail Cannabis with total gross receipts greater than five million dollars (\$5,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus

ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate, fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

c. Annual 2022 Business Certificates and After.

With respect to any 2022 business tax certificate and for each following year:

- i. Forty-five dollars (\$45.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to five million dollars (\$5,000,000.00); plus
- ii. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five million dollars (\$5,000,000.00).

5. Cannabis Manufacturing (Under \$1 million).

Every person engaged in Cannabis Manufacturing with total gross receipts greater than five hundred thousand dollars (\$500,000.00) but less than or equal to one million dollars (\$1,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus
- ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate:

- i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to five hundred thousand dollars (\$500,000.00); plus
- ii. Forty-five dollars (\$45.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five hundred thousand dollars (\$500,000.00).

c. Annual 2022 Business Certificates and After.

With respect to any gross receipts that become subject to taxation on or after January 1, 2022, or any following year:

- i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to five hundred thousand dollars (\$500,000.00); plus
- ii. Twenty-five dollars (\$25.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five hundred thousand dollars (\$500,000.00).

6. Cannabis Manufacturing (Under \$5 million).

Every person engaged in Cannabis Manufacturing with total gross receipts greater than one million dollars (\$1,000,000.00) but less than or equal to five million dollars (\$5,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus
- ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate, forty-five dollars (\$45.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

c. Annual 2022 Business Certificates and After.

With respect to any 2022 business tax certificate and for each following year:

- i. Twenty-five dollars (\$25.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million dollars (\$1,000,000.00); plus

- ii. Thirty-five dollars (\$35.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million dollars (\$1,000,000.00).

7. Cannabis Manufacturing (Over \$5 million).

Every person engaged in Cannabis Manufacturing with total gross receipts greater than five million dollars (\$5,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus
- ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate, fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

c. Annual 2022 Business Certificates and After.

With respect to any 2022 business tax certificate and for each following year:

- i. Twenty-five dollars (\$25.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million dollars (\$1,000,000.00); plus
- ii. Thirty-five dollars (\$35.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million dollars (\$1,000,000.00) but less than or equal to five million dollars (\$5,000,000.00); plus
- iii. Forty-five dollars (\$45.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over \$5,000,000.00.

8. Cannabis Storage or Packaging (Under \$1 million).

Every person engaged in Cannabis Storage or Packaging with total gross receipts greater than five hundred thousand dollars (\$500,000.00) but less than or equal to one million dollars (\$1,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus
- ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate:

- i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to five hundred thousand dollars (\$500,000.00); plus
- ii. Forty-five dollars (\$45.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five hundred thousand dollars (\$500,000.00).

c. Annual 2022 Business Certificates and After.

With respect to any gross receipts that become subject to taxation on or after January 1, 2022, or any following year:

- i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to five hundred thousand dollars (\$500,000.00); plus
- ii. Twenty-five dollars (\$25.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five hundred thousand dollars (\$500,000.00).

9. Cannabis Storage or Packaging (Under \$5 million).

Every person engaged in Cannabis Storage or Packaging with total gross receipts greater than one million dollars (\$1,000,000.00) but less than or equal to five million dollars (\$5,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus
- ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate, forty-five dollars (\$45.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

c. Annual 2022 Business Certificates and After.

With respect to any 2022 business tax certificate and for each following year:

- i. Twenty-five dollars (\$25.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million dollars (\$1,000,000.00); plus
- ii. Thirty-five dollars (\$35.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million dollars (\$1,000,000.00).

10. Cannabis Storage or Packaging (Over \$5 million).

Every person engaged in Cannabis Storage or Packaging with total gross receipts greater than five million dollars (\$5,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus
- ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate, fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

c. Annual 2022 Business Certificates and After.

With respect to any 2022 business tax certificate and for each following year:

- i. Twenty-five dollars (\$25.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million dollars (\$1,000,000.00); plus
- ii. Thirty-five dollars (\$35.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million dollars (\$1,000,000.00) but less than or equal to five million dollars (\$5,000,000.00); plus
- iii. Forty-five dollars (\$45.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over \$5,000,000.00.

11. Cannabis Cultivation (Under \$1 million).

Every person engaged in Cannabis Cultivation with total gross receipts greater than five hundred thousand dollars (\$500,000.00) but less than or equal to one million dollars (\$1,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus

ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate:

i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to five hundred thousand dollars (\$500,000.00); plus

ii. Forty-five dollars (\$45.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five hundred thousand dollars (\$500,000.00).

c. Annual 2022 Business Certificates and After.

With respect to any gross receipts that become subject to taxation on or after January 1, 2022, or any following year:

i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to five hundred thousand dollars (\$500,000.00); plus

ii. Twenty-five dollars (\$25.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five hundred thousand dollars (\$500,000.00).

12. Cannabis Cultivation (Under \$5 million).

Every person engaged in Cannabis Cultivation with total gross receipts greater than one million dollars (\$1,000,000.00) but less than or equal to five million dollars (\$5,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus

ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate, forty-five dollars (\$45.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

c. Annual 2022 Business Certificates and After.

With respect to any 2022 business tax certificate and for each following year:

i. Twenty-five dollars (\$25.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million dollars (\$1,000,000.00); plus

ii. Thirty-five dollars (\$35.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million dollars (\$1,000,000.00).

13. Cannabis Cultivation (Over \$5 million).

Every person engaged in Cannabis Cultivation with total gross receipts greater than five million dollars (\$5,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus

ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate, fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

c. Annual 2022 Business Certificates and After.

With respect to any 2022 business tax certificate and for each following year:

- i. Twenty-five dollars (\$25.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million dollars (\$1,000,000.00); plus
- ii. Thirty-five dollars (\$35.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million dollars (\$1,000,000.00) but less than or equal to five million dollars (\$5,000,000.00); plus
- iii. Forty-five dollars (\$45.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over \$5,000,000.00.

14. Cannabis Distribution and Transportation (Under \$1 million).

Every person engaged in Cannabis Distribution and Transportation with total gross receipts greater than five hundred thousand dollars (\$500,000.00) but less than or equal to one million dollars (\$1,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus
- ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate:

- i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to five hundred thousand dollars (\$500,000.00); plus

ii. Forty dollars (\$40.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five hundred thousand dollars (\$500,000.00).

c. Annual 2022 Business Certificates and After.

With respect to any gross receipts that become subject to taxation on or after January 1, 2022, or any following year:

i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to five hundred thousand dollars (\$500,000.00); plus

ii. Fifteen dollars (\$15.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five hundred thousand dollars (\$500,000.00).

15. Cannabis Distribution and Transportation (Under \$5 million).

Every person engaged in Cannabis Distribution and Transportation with total gross receipts greater than one million dollars (\$1,000,000.00) but less than or equal to five million dollars (\$5,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus

ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate, forty dollars (\$40.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

c. Annual 2022 Business Certificates and After.

With respect to any 2022 business tax certificate and for each following year:

- i. Fifteen dollars (\$15.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million dollars (\$1,000,000.00); plus
- ii. Twenty dollars (\$20.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million dollars (\$1,000,000.00).

16. Cannabis Distribution and Transportation (Over \$5 million).

Every person engaged in Cannabis Distribution and Transportation with total gross receipts greater than five million dollars (\$5,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus
- ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate, forty dollars (\$40.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

c. Annual 2022 Business Certificates and After.

With respect to any 2022 business tax certificate and for each following year:

- i. Fifteen dollars (\$15.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million dollars (\$1,000,000.00); plus
- ii. Twenty dollars (\$20.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million dollars (\$1,000,000.00) but less than or equal to five million dollars (\$5,000,000.00); plus

- iii. Thirty dollars (\$30.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over \$5,000,000.00.

17. Cannabis Testing.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019, the rates defined in this Section 5.04.480 shall no longer be applicable to Cannabis Testing and such businesses shall pay business tax at the rate, if any, otherwise applicable to that business notwithstanding this Section 5.04.480.

C. ~~Every person engaged in a Cannabis Business with total gross receipts greater than five hundred thousand dollars (\$500,000.00) shall pay a business tax of:~~

- ~~1. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Medical Cannabis Business activity; plus~~
- ~~2. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.~~

Vertically Integrated Businesses.

Any person who engages in a business that produces gross receipts from more than one of the taxable activities described in this Section shall calculate their tax as the sum of:

1. The tax due from the rate described in 5.04.480(B)(2), (3), or (4) as applied to any gross receipts entirely or partially derived from any Retail Cannabis activity carried on within Oakland; plus
2. The tax due from the rate described in 5.04.480(B)(5), (6), or (7) as applied to any gross receipts entirely or partially derived from Cannabis Manufacturing activity carried on within Oakland, but not including any gross receipts partially derived from Retail Cannabis activity carried on within Oakland; plus
3. The tax due from the rate described in 5.04.480(B)(8), (9), or (10) as applied to any gross receipts entirely or partially derived from Cannabis Storage or Packaging activity carried on within Oakland, but not including any gross receipts partially derived from Retail Cannabis activity or Cannabis Manufacturing activity carried on within Oakland; plus

4. The tax due from the rate described in 5.04.480(B)(11), (12), or (13) as applied to any gross receipts entirely or partially derived from Cannabis Cultivation activity carried on within Oakland, but not including any gross receipts partially derived from Retail Cannabis activity, Cannabis Manufacturing activity, or Cannabis Storage or Packaging activity carried on within Oakland; plus
5. The tax due from the rate described in 5.04.480(B)(14), (15), or (16) as applied to any gross receipts entirely or partially derived from Cannabis Distribution and Transportation activity carried on within Oakland, but not including any gross receipts partially derived from Retail Cannabis activity, Cannabis Manufacturing, Cannabis Storage or Packaging activity, or Cannabis Cultivation activity carried on within Oakland; plus

For the purposes of applying this subsection, references to "total gross receipts" in Section 5.04.480(B) refer to all gross receipts generated by the business without respect to the portion of gross receipts generated from any particular taxable activity.

D. Deductions for Raw Materials.

Before applying the rates described above, persons will be allowed to make deductions from any gross receipts entirely or partially derived from any Manufacturing Cannabis activity or Cannabis Cultivation activity carried on within Oakland in the same manner as manufacturing businesses subject to section 5.04.390(A).

E. Maximum Rates.

To the extent that the tax rates described in this Section are less than the maximum rates approved by City of Oakland Measure V, as submitted to voters on November 6, 2018, the reduction in the tax rate is intended as a provisional adjustment that the City Council may reconsider and eliminate, in part or in whole, in the future.

F. Quarterly Reporting.

Notwithstanding Sections 5.04.080, 5.04.110, and 5.04.120 of this Chapter, any Cannabis Business may elect to remit business taxes on a quarterly basis according to rules and procedures adopted by the Director of Finance.

~~G. The business tax rates defined by this Section apply to any gross receipts that become subject to taxation as of January 1, 2020 and beyond.~~

SECTION 3. Severability. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Chapter. The City Council hereby declares that it would have passed this Ordinance and each section, subsection, clause or phrase thereof irrespective of the fact that one or more other sections, subsections, clauses or phrases may be declared invalid or unconstitutional.

SECTION 4. Effective Date. This ordinance shall become effective immediately on final adoption if it receives six or more affirmative votes; otherwise, this ordinance shall become effective upon the seventh day after final adoption.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO AND PRESIDENT KAPLAN

NOES -

ABSENT -

ABSTENTION -

ATTEST:

LATONDA SIMMONS
CITY CLERK AND CLERK OF THE COUNCIL
OF THE CITY OF OAKLAND, CALIFORNIA

Date of Attestation:

NOTICE AND DIGEST

ORDINANCE AMENDING OAKLAND MUNICIPAL CODE TITLE 5, CHAPTER 5.04, SECTION 5.04.480, TO CREATE A CATEGORY AND TIER BASED TAX STRUCTURE, ELIMINATE THE DISTINCTION BETWEEN MEDICAL AND NON-MEDICAL RATES AND REDUCE THE TAX RATE FOR CANNABIS BUSINESSES

This ordinance will create various categories of cannabis businesses for purposes of the City of Oakland business tax ordinance, create progressive, tiered tax rates for each category based on total gross receipts, and generally reduce tax rates for cannabis businesses earning more than \$500,000.00 in annual gross receipts.

This ordinance will create the following categories of cannabis businesses: cannabis cultivation, cannabis distribution and transportation, cannabis manufacturing, retail cannabis, cannabis testing, and cannabis storage or packaging..

Tax rates for cannabis businesses with total annual gross receipts equal to or less than \$500,000.00 will remain unchanged.

Tax rates for cannabis businesses with total annual gross receipts greater than \$500,000.00 will be adjusted as follows:

For business certificates issued to businesses newly formed in 2019 and for operation in 2020, no change from currently law regardless of category.

For business certificates issued for operation in 2021 to businesses with between \$500,000.00 and \$1 million in taxable gross receipts: for retail cannabis businesses, \$1.20 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$500,000.00 *plus* \$50.00 per \$1,000 of gross receipts, or fraction thereof over \$500,000.00, for cannabis manufacturing businesses, \$1.20 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$500,000.00 *plus* \$45.00 per \$1,000 of gross receipts, or fraction thereof over \$500,000.00, for cannabis storage or packaging businesses, \$1.20 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$500,000.00 *plus* \$45.00 per \$1,000 of gross receipts, or fraction thereof over \$500,000.00, for cannabis cultivation businesses, \$1.20 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$500,000.00 *plus* \$45.00 per \$1,000 of gross receipts, or fraction thereof over \$500,000.00, for cannabis distribution and transportation businesses, \$1.20 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$500,000.00 *plus* \$40.00 per \$1,000 of gross receipts, or fraction thereof over \$500,000.00.

For business certificates issued for operation in 2021 to businesses with between \$1 million and \$5 million in taxable gross receipts: for retail cannabis businesses, \$50.00 per \$1,000.00 of gross receipts, or fraction thereof, for cannabis manufacturing businesses, \$45.00 per \$1,000.00 of gross receipts, or fraction thereof, for cannabis

cultivation businesses, \$45.00 per \$1,000.00 of gross receipts, or fraction thereof, for cannabis storage or packaging businesses, \$45.00 per \$1,000.00 of gross receipts, or fraction thereof, for cannabis cultivation businesses, \$45.00 per \$1,000.00 of gross receipts, or fraction thereof, for cannabis distribution and transportation businesses, \$40.00 per \$1,000.00 of gross receipts, or fraction thereof.

For business certificates issued for operation in 2021 to businesses with greater than \$5 million in taxable gross receipts: for retail cannabis businesses, \$50.00 per \$1,000.00 of gross receipts, or fraction thereof, for cannabis manufacturing businesses, \$50.00 per \$1,000.00 of gross receipts, or fraction thereof, for cannabis cultivation businesses, \$50.00 per \$1,000.00 of gross receipts, or fraction thereof, for cannabis storage or packaging businesses, \$50.00 per \$1,000.00 of gross receipts, or fraction thereof, for cannabis cultivation businesses, \$50.00 per \$1,000.00 of gross receipts, or fraction thereof, for cannabis distribution and transportation businesses, \$40.00 per \$1,000.00 of gross receipts, or fraction thereof.

For business certificates issued for operation in 2022, and any year thereafter, to business with between \$500,000.00 and \$1 million in taxable gross receipts: for retail cannabis businesses, \$1.20 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$500,000.00 *plus* \$30.00 per \$1,000 of gross receipts, or fraction thereof over \$500,000.00, for cannabis manufacturing businesses, \$1.20 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$500,000.00 *plus* \$25.00 per \$1,000 of gross receipts, or fraction thereof over \$500,000.00, for cannabis storage or packaging businesses, \$1.20 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$500,000.00 *plus* \$25.00 per \$1,000 of gross receipts, or fraction thereof over \$500,000.00, for cannabis cultivation businesses, \$1.20 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$500,000.00 *plus* \$25.00 per \$1,000 of gross receipts, or fraction thereof over \$500,000.00, for cannabis distribution and transportation businesses, \$1.20 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$500,000.00 *plus* \$15.00 per \$1,000 of gross receipts, or fraction thereof over \$500,000.00.

For business certificates issued for operation in 2022, and any year thereafter, to business with between \$1 million and \$5 million in taxable gross receipts: for retail cannabis businesses, \$30.00 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$1,000,000.00 *plus* \$40.00 per \$1,000 of gross receipts, or fraction thereof over \$1,000,000.00, for cannabis manufacturing businesses, \$25.00 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$1,000,000.00 *plus* \$35.00 per \$1,000 of gross receipts, or fraction thereof over \$1,000,000.00, for cannabis storage or packaging businesses, \$25.00 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$1,000,000.00 *plus* \$35.00 per \$1,000 of gross receipts, or fraction thereof over \$1,000,000.00, for cannabis cultivation businesses, \$25.00 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$1,000,000.00 *plus* \$35.00 per \$1,000 of gross receipts, or fraction thereof over \$1,000,000.00, for cannabis distribution and transportation businesses, \$15.00 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$1,000,000.00 *plus* \$20.00 per \$1,000 of gross receipts, or fraction thereof over \$1,000,000.00.

For business certificates issued for operation in 2022, and any year thereafter, to business with greater than \$5 million in taxable gross receipts: for retail cannabis businesses, \$45.00 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$5,000,000.00 *plus* \$50.00 per \$1,000 of gross receipts, or fraction thereof over \$5,000,000.00, for cannabis manufacturing businesses, \$25.00 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$1,000,000.00 *plus* \$35.00 per \$1,000 of gross receipts, or fraction thereof over \$1,000,000.00 but equal to or less than \$5,000,000.00, *plus* \$45.00 per \$1,000 of gross receipts, or fraction thereof, over \$5,000,000.00, for cannabis storage or packaging businesses, \$25.00 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$1,000,000.00 *plus* \$35.00 per \$1,000 of gross receipts, or fraction thereof over \$1,000,000.00 but equal to or less than \$5,000,000.00, *plus* \$45.00 per \$1,000 of gross receipts, or fraction thereof, over \$5,000,000.00, for cannabis cultivation businesses, \$25.00 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$1,000,000.00 *plus* \$35.00 per \$1,000 of gross receipts, or fraction thereof over \$1,000,000.00 but equal to or less than \$5,000,000.00, *plus* \$45.00 per \$1,000 of gross receipts, or fraction thereof, over \$5,000,000.00, for cannabis distribution and transportation businesses, \$15.00 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$1,000,000.00 *plus* \$20.00 per \$1,000 of gross receipts, or fraction thereof over \$1,000,000.00 but equal to or less than \$5,000,000.00, *plus* \$30.00 per \$1,000 of gross receipts, or fraction thereof, over \$5,000,000.00.

With respect to any 2021 business tax certificate, and in every subsequent year, the rates defined in this Section 5.04.480 shall no longer be applicable to Cannabis Testing and such businesses shall pay business tax at the rate, if any, otherwise applicable to that business notwithstanding this Section 5.04.480.

19 JUL 11 PM 4:25

APPROVED AS TO FORM AND LEGALITY

INTRODUCED BY COUNCILMEMBER KALB AND PRESIDENT KAPLAN

DRAFT
CITY ATTORNEY'S OFFICE

OAKLAND CITY COUNCIL

ORDINANCE NO. _____ C.M.S.

ORDINANCE AMENDING OAKLAND MUNICIPAL CODE TITLE 5, CHAPTER 5.04, SECTION 5.04.480, TO CREATE A CATEGORY AND TIER BASED TAX STRUCTURE, ELIMINATE THE DISTINCTION BETWEEN MEDICAL AND NON-MEDICAL RATES AND REDUCE THE TAX RATE FOR CANNABIS BUSINESSES

WHEREAS, Chapter 5.04 of the Oakland Municipal Code contains the business tax ordinance, which applies to all persons engaged in business activities in Oakland; and

WHEREAS, Oakland's business tax applicable to non-medical cannabis businesses is the highest rate of any business tax in Oakland; and

WHEREAS, the City of Oakland's business tax rate for non-medical cannabis businesses is 10% of gross receipts, while the business tax rate for medical cannabis businesses is 5% of gross receipts; and

WHEREAS, Oakland's 10% tax rate for non-medical cannabis businesses is higher than almost all of our regional competitors, putting our cannabis industry at a competitive disadvantage risking potential loss of certain cannabis businesses in Oakland; and

WHEREAS, on November 6, 2018, Oakland voters passed Measure V, which authorized the Oakland City Council, in relevant part, to change cannabis business tax rates in any manner that does not increase the applicable tax rate; and

WHEREAS, with California legalizing 'Adult Use' cannabis for sales and consumption, it no longer makes sense to have separate rates for medical and non-medical cannabis;

WHEREAS, Oakland has a cannabis equity program with the goal of helping equity eligible businesses—mostly small businesses—thrive and stay competitive in the marketplace; and

WHEREAS, high tax rates for legal cannabis business activity is likely to continue bolstering the illegal 'underground' market, thereby reducing potential tax revenue for Oakland after it has been supportive and inviting of the cannabis industry in years past; and

WHEREAS, the City of Oakland seeks to enhance our competitiveness, attract additional cannabis businesses, and ultimately optimize our cannabis tax revenues by imposing competitive tax rates that allow our cannabis businesses to thrive and stay in Oakland; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

SECTION 1. Title 5, Chapter 5.04 of the Oakland Municipal Code containing the business tax requirements applicable to cannabis businesses is amended to add, delete or modify sections as set forth below (section numbers and titles are indicated in bold type; additions are indicated by underscoring and deletions are indicated by strike-through type.) Portions of regulations not cited or not shown in underscoring or strike-through are not changed.

SECTION 2. Code Amendments.

Title 5, Chapter 5.04, section 5.04.480, is amended as follows:

5.04.480 – Cannabis businesses.

A. Definitions. The following definitions apply to this section:

1. “Cannabis Business” means any business that involves planting, cultivating, harvesting, transporting, dispensing, delivering, selling at retail or wholesale, manufacturing, compounding, converting, processing, preparing, storing, packaging, or testing any part of the plant Cannabis sativa L. or any of its derivatives.
2. “Cannabis Cultivation” means to plant, grow, harvest, dry, cure, grade, or trim cannabis.
3. “Cannabis Distribution and Transportation” means any business that sells at wholesale and any business that transports cannabis between licensees, including any business that operates under a “Distributor” license issued by the California Bureau of Cannabis Control pursuant to California Business and Profession’s Code section 26070, and as that section may be amended or renumbered.

~~means any business that does not own but solely distributes or transports cannabis or cannabis products, including but not limited to, any business that operates under a “Distributor” license issued by the California Bureau of Cannabis Control pursuant to California Business and Profession’s Code section 26070, and as that section may be amended or renumbered.~~
4. “Cannabis Manufacturing” means any business that produces, prepares, propagates, or compounds cannabis or cannabis products, directly or indirectly, by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis.

5. “Cannabis Storage or Packaging” means any business that packages or stores cannabis but only to the extent that the business’s packing or storing activity is not attributable to Cannabis Cultivation, Cannabis Manufacturing, or Retail Cannabis, or Wholesale Cannabis Sales carried on within Oakland.
6. “Medical Cannabis Business” means any Cannabis Business conducted pursuant to Health and Safety Code Sections 11362.5 and 11362.7—11362.83.
7. “Non-Medical Cannabis Business” means any Cannabis Business not conducted pursuant to Health and Safety Code Sections 11362.5 and 11362.7—11362.83.
8. “Retail Cannabis” means any business that dispenses or sells cannabis for use or consumption by end-users, either in-person, by delivery, or in conjunction with another party, and includes any business regulated or permitted by Chapter 5.80 of this Code and as that Chapter may be re-numbered or amended.
9. “Cannabis Testing” means any business that conducts analytical testing of cannabis, cannabis-derived products, hemp, or hemp-derived products.

B. Business Tax Rate.

Every person engaged in a Cannabis Business shall pay business tax at the rates provided in this Section.

1. Under \$500k Businesses.

With respect to any 2020 business tax certificate, and for each following year, and for a business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019, Every person engaged in a Cannabis Business with total gross receipts less than or equal to five hundred thousand dollars (\$500,000.00) shall pay a business tax of one-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

2. Retail Cannabis (Under \$1 million).

Every person engaged in Retail Cannabis with total gross receipts greater than five hundred thousand dollars (\$500,000.00) but less than or equal to one million dollars (\$1,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus
- ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate:

- i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to five hundred thousand dollars (\$500,000.00); plus
- ii. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five hundred thousand dollars (\$500,000.00).

c. Annual 2022 Business Certificates and After.

With respect to any 2022 business tax certificate and for each following year:

- i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to five hundred thousand dollars (\$500,000.00); plus
- ii. Thirty dollars (\$30.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five hundred thousand dollars (\$500,000.00).

3. Retail Cannabis (Under \$5 million).

Every person engaged in Retail Cannabis with total gross receipts greater than one million dollars (\$1,000,000.00) but less than or equal to five million dollars (\$5,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus
- ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate, fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

c. Annual 2022 Business Certificates and After.

With respect to any 2022 business tax certificate and for each following year:

- i. Thirty dollars (\$30.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million dollars (\$1,000,000.00); plus
- ii. Forty dollars (\$40.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million dollars (\$1,000,000.00).

4. Retail Cannabis (Over \$5 million).

Every person engaged in Retail Cannabis with total gross receipts greater than five million dollars (\$5,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus
- ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate, fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

c. Annual 2022 Business Certificates and After.

With respect to any 2022 business tax certificate and for each following year:

- i. Forty-five dollars (\$45.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to five million dollars (\$5,000,000.00); plus
- ii. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five million dollars (\$5,000,000.00).

5. Cannabis Manufacturing (Under \$1 million).

Every person engaged in Cannabis Manufacturing with total gross receipts greater than five hundred thousand dollars (\$500,000.00) but less than or equal to one million dollars (\$1,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus
- ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate:

- i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to five hundred thousand dollars (\$500,000.00); plus
- ii. Forty-five dollars (\$45.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five hundred thousand dollars (\$500,000.00).

c. Annual 2022 Business Certificates and After.

With respect to any gross receipts that become subject to taxation on or after January 1, 2022, or any following year:

- i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to five hundred thousand dollars (\$500,000.00); plus
- ii. Twenty-five dollars (\$25.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five hundred thousand dollars (\$500,000.00).

6. Cannabis Manufacturing (Under \$5 million).

Every person engaged in Cannabis Manufacturing with total gross receipts greater than one million dollars (\$1,000,000.00) but less than or equal to five million dollars (\$5,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus
- ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate, forty-five dollars (\$45.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

c. Annual 2022 Business Certificates and After.

With respect to any 2022 business tax certificate and for each following year:

- i. Twenty-five dollars (\$25.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million dollars (\$1,000,000.00); plus
- ii. Thirty-five dollars (\$35.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million dollars (\$1,000,000.00).

7. Cannabis Manufacturing (Over \$5 million).

Every person engaged in Cannabis Manufacturing with total gross receipts greater than five million dollars (\$5,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus
- ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate, fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

c. Annual 2022 Business Certificates and After.

With respect to any 2022 business tax certificate and for each following year:

- i. Twenty-five dollars (\$25.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million dollars (\$1,000,000.00); plus
- ii. Thirty-five dollars (\$35.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million dollars (\$1,000,000.00) but less than or equal to five million dollars (\$5,000,000.00); plus
- iii. Forty-five dollars (\$45.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over \$5,000,000.00.

8. Cannabis Storage or Packaging (Under \$1 million).

Every person engaged in Cannabis Storage or Packaging with total gross receipts greater than five hundred thousand dollars (\$500,000.00) but less than or equal to one million dollars (\$1,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus
- ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate:

- i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to five hundred thousand dollars (\$500,000.00); plus
- ii. Forty-five dollars (\$45.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five hundred thousand dollars (\$500,000.00).

c. Annual 2022 Business Certificates and After.

With respect to any gross receipts that become subject to taxation on or after January 1, 2022, or any following year:

- i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to five hundred thousand dollars (\$500,000.00); plus
- ii. Twenty-five dollars (\$25.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five hundred thousand dollars (\$500,000.00).

9. Cannabis Storage or Packaging (Under \$5 million).

Every person engaged in Cannabis Storage or Packaging with total gross receipts greater than one million dollars (\$1,000,000.00) but less than or equal to five million dollars (\$5,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus
- ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate, forty-five dollars (\$45.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

c. Annual 2022 Business Certificates and After.

With respect to any 2022 business tax certificate and for each following year:

- i. Twenty-five dollars (\$25.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million dollars (\$1,000,000.00); plus
- ii. Thirty-five dollars (\$35.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million dollars (\$1,000,000.00).

10. Cannabis Storage or Packaging (Over \$5 million).

Every person engaged in Cannabis Storage or Packaging with total gross receipts greater than five million dollars (\$5,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus
- ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate, fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

c. Annual 2022 Business Certificates and After.

With respect to any 2022 business tax certificate and for each following year:

- i. Twenty-five dollars (\$25.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million dollars (\$1,000,000.00); plus
- ii. Thirty-five dollars (\$35.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million dollars (\$1,000,000.00) but less than or equal to five million dollars (\$5,000,000.00); plus
- iii. Forty-five dollars (\$45.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over \$5,000,000.00.

11. Cannabis Cultivation (Under \$1 million).

Every person engaged in Cannabis Cultivation with total gross receipts greater than five hundred thousand dollars (\$500,000.00) but less than or equal to one million dollars (\$1,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus
- ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate:

- i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to five hundred thousand dollars (\$500,000.00); plus

ii. Forty-five dollars (\$45.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five hundred thousand dollars (\$500,000.00).

c. Annual 2022 Business Certificates and After.

With respect to any gross receipts that become subject to taxation on or after January 1, 2022, or any following year:

i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to five hundred thousand dollars (\$500,000.00); plus

ii. Twenty-five dollars (\$25.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five hundred thousand dollars (\$500,000.00).

12. Cannabis Cultivation (Under \$5 million).

Every person engaged in Cannabis Cultivation with total gross receipts greater than one million dollars (\$1,000,000.00) but less than or equal to five million dollars (\$5,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus

ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate, forty-five dollars (\$45.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

c. Annual 2022 Business Certificates and After.

With respect to any 2022 business tax certificate and for each following year:

- i. Twenty-five dollars (\$25.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million dollars (\$1,000,000.00); plus
- ii. Thirty-five dollars (\$35.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million dollars (\$1,000,000.00).

13. Cannabis Cultivation (Over \$5 million).

Every person engaged in Cannabis Cultivation with total gross receipts greater than five million dollars (\$5,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus
- ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate, fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

c. Annual 2022 Business Certificates and After.

With respect to any 2022 business tax certificate and for each following year:

- i. Twenty-five dollars (\$25.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million dollars (\$1,000,000.00); plus
- ii. Thirty-five dollars (\$35.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over

one million dollars (\$1,000,000.00) but less than or equal to five million dollars (\$5,000,000.00); plus

- iii. Forty-five dollars (\$45.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over \$5,000,000.00.

14. Cannabis Distribution and Transportation (Under \$1 million).

Every person engaged in Cannabis Distribution and Transportation with total gross receipts greater than five hundred thousand dollars (\$500,000.00) but less than or equal to one million dollars (\$1,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus
- ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate:

- i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to five hundred thousand dollars (\$500,000.00); plus
- ii. Forty dollars (\$40.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five hundred thousand dollars (\$500,000.00).

c. Annual 2022 Business Certificates and After.

With respect to any gross receipts that become subject to taxation on or after January 1, 2022, or any following year:

- i. One-dollar and twenty cents (\$1.20) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to five hundred thousand dollars (\$500,000.00); plus

- ii. Fifteen dollars (\$15.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over five hundred thousand dollars (\$500,000.00).

15. Cannabis Distribution and Transportation (Under \$5 million).

Every person engaged in Cannabis Distribution and Transportation with total gross receipts greater than one million dollars (\$1,000,000.00) but less than or equal to five million dollars (\$5,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus
- ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate, forty dollars (\$40.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

c. Annual 2022 Business Certificates and After.

With respect to any 2022 business tax certificate and for each following year:

- i. Fifteen dollars (\$15.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million dollars (\$1,000,000.00); plus
- ii. Twenty dollars (\$20.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million dollars (\$1,000,000.00).

16. Cannabis Distribution and Transportation (Over \$5 million).

Every person engaged in Cannabis Distribution and Transportation with total gross receipts greater than five million dollars (\$5,000,000.00) shall pay a business tax of:

a. New 2019 Business and Annual 2020 Business Certificates.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

- i. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus
- ii. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

b. Annual 2021 Business Certificates.

With respect to any 2021 business tax certificate, forty dollars (\$40.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof.

c. Annual 2022 Business Certificates and After.

With respect to any 2022 business tax certificate and for each following year:

- i. Fifteen dollars (\$15.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, less than or equal to one million dollars (\$1,000,000.00); plus
- ii. Twenty dollars (\$20.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over one million dollars (\$1,000,000.00) but less than or equal to five million dollars (\$5,000,000.00); plus
- iii. Thirty dollars (\$30.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, over \$5,000,000.00.

17. Cannabis Testing.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019, the rates defined in this Section 5.04.480 shall no longer be applicable to Cannabis Testing and such businesses shall pay business tax at the rate, if any, otherwise applicable to that business notwithstanding this Section 5.04.480. Every person engaged in Cannabis Testing shall pay a business tax of:

New 2019 Business Certificates and After.

With respect to any 2020 business tax certificate, and for any business tax certificate issued pursuant to Section 5.04.110 for a business newly established in calendar year 2019:

Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from Medical Cannabis Business activity; plus

One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

Annual 2021 Business Certificates and After.

With respect to any 2021 business tax certificate, and in every subsequent year, the rates defined in this Section 5.04.480 shall no longer be applicable to Cannabis Testing and such businesses shall pay business tax at the rate, if any, otherwise applicable to that business notwithstanding this Section 5.04.480.

C. Every person engaged in a Cannabis Business with total gross receipts greater than five hundred thousand dollars (\$500,000.00) shall pay a business tax of:

1. Fifty dollars (\$50.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Medical Cannabis Business activity; plus
2. One hundred dollars (\$100.00) for each one thousand dollars (\$1,000.00) of gross receipts, or fractional part thereof, derived from any Non-Medical Cannabis Business activity.

Vertically Integrated Businesses.

Any person who engages in a business that produces gross receipts from more than one of the taxable activities described in this Section shall calculate their tax as the sum of:

1. The tax due from the rate described in 5.04.480(B)(2), (3), or (4) as applied to any gross receipts entirely or partially derived from any Retail Cannabis activity carried on within Oakland; plus
2. The tax due from the rate described in 5.04.480(B)(5), (6), or (7) as applied to any gross receipts entirely or partially derived from Cannabis Manufacturing activity carried on within Oakland, but not including any gross receipts partially derived from Retail Cannabis activity carried on within Oakland; plus
3. The tax due from the rate described in 5.04.480(B)(8), (9), or (10) as applied to any gross receipts entirely or partially derived from Cannabis Storage or Packaging activity carried on within Oakland, but not including any gross receipts partially derived from Retail Cannabis activity or Cannabis Manufacturing activity carried on within Oakland; plus
4. The tax due from the rate described in 5.04.480(B)(11), (12), or (13) as applied to any gross receipts entirely or partially derived from Cannabis Cultivation activity carried on within Oakland, but not including any gross receipts partially derived from Retail Cannabis activity, Cannabis Manufacturing activity, or Cannabis Storage or Packaging activity carried on within Oakland; plus
5. The tax due from the rate described in 5.04.480(B)(14), (15), or (16) as applied to any gross receipts entirely or partially derived from Cannabis Distribution and Transportation activity carried on within Oakland, but not including any gross receipts partially derived from Retail Cannabis activity, Cannabis Manufacturing, Cannabis Storage or Packaging activity, or Cannabis Cultivation activity carried on within Oakland; plus
- ~~6.5. The tax due from the rate described in 5.04.480(B)(17)(a) as applied to any gross receipts entirely or partially derived from Cannabis Testing activity carried on within Oakland, but not including any gross receipts partially derived from Retail Cannabis activity, Cannabis Manufacturing, Cannabis Storage or Packaging activity, Cannabis Cultivation activity, or Cannabis Distribution and Transportation activity carried on within Oakland.~~

For the purposes of applying this subsection, references to “total gross receipts” in Section 5.04.480(B) refer to all gross receipts generated by the business without respect to the portion of gross receipts generated from any particular taxable activity.

D. Deductions for Raw Materials.

Before applying the rates described above, persons will be allowed to make deductions from any gross receipts entirely or partially derived from any ~~m~~Manufacturing ~~e~~Cannabis activity or ~~e~~Cannabis ~~e~~Cultivation activity carried on within Oakland in the same manner as manufacturing businesses subject to section 5.04.390(A).

E. Maximum Rates.

To the extent that the tax rates described in this Section are less than the maximum rates approved by City of Oakland Measure V, as submitted to voters on November 6, 2018, the reduction in the tax rate is intended as a provisional adjustment that the City Council may reconsider and eliminate, in part or in whole, in the future.

F. Quarterly Reporting.

Notwithstanding Sections 5.04.080, 5.04.110, and 5.04.120 of this Chapter, any Cannabis Business may elect to remit business taxes on a quarterly basis according to rules and procedures adopted by the Director of Finance.

~~G. The business tax rates defined by this Section apply to any gross receipts that become subject to taxation as of January 1, 2020 and beyond.~~

SECTION 3. Severability. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Chapter. The City Council hereby declares that it would have passed this Ordinance and each section, subsection, clause or phrase thereof irrespective of the fact that one or more other sections, subsections, clauses or phrases may be declared invalid or unconstitutional.

SECTION 4. Effective Date. This ordinance shall become effective immediately on final adoption if it receives six or more affirmative votes; otherwise, this ordinance shall become effective upon the seventh day after final adoption.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO AND PRESIDENT KAPLAN

NOES -

ABSENT -

ABSTENTION -

ATTEST:

LATONDA SIMMONS
CITY CLERK AND CLERK OF THE COUNCIL
OF THE CITY OF OAKLAND, CALIFORNIA

Date of Attestation:

NOTICE AND DIGEST

ORDINANCE AMENDING OAKLAND MUNICIPAL CODE TITLE 5, CHAPTER 5.04, SECTION 5.04.480, TO CREATE A CATEGORY AND TIER BASED TAX STRUCTURE, ELIMINATE THE DISTINCTION BETWEEN MEDICAL AND NON-MEDICAL RATES AND REDUCE THE TAX RATE FOR CANNABIS BUSINESSES

This ordinance will create various categories of cannabis businesses for purposes of the City of Oakland business tax ordinance, create progressive, tiered tax rates for each category based on total gross receipts, and generally reduce tax rates for cannabis businesses earning more than \$500,000.00 in annual gross receipts.

This ordinance will create the following categories of cannabis businesses: cannabis cultivation, cannabis distribution and transportation, cannabis manufacturing, retail cannabis, cannabis testing, and cannabis storage or packaging, ~~and wholesale cannabis sales.~~

Tax rates for cannabis businesses with total annual gross receipts equal to or less than \$500,000.00 will remain unchanged.

Tax rates for cannabis businesses with total annual gross receipts greater than \$500,000.00 will be adjusted as follows:

For business certificates issued to businesses newly formed in 2019 and for operation in 2020, no change from currently law regardless of category.

For business certificates issued for operation in 2021 to businesses with between \$500,000.00 and \$1 million in taxable gross receipts: for retail cannabis businesses, \$1.20 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$500,000.00 *plus* \$50.00 per \$1,000 of gross receipts, or fraction thereof over \$500,000.00, for cannabis manufacturing businesses, \$1.20 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$500,000.00 *plus* \$45.00 per \$1,000 of gross receipts, or fraction thereof over \$500,000.00, for cannabis storage or packaging businesses, \$1.20 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$500,000.00 *plus* \$45.00 per \$1,000 of gross receipts, or fraction thereof over \$500,000.00, for cannabis cultivation businesses, \$1.20 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$500,000.00 *plus* \$45.00 per \$1,000 of gross receipts, or fraction thereof over \$500,000.00, for cannabis distribution and transportation businesses, \$1.20 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$500,000.00 *plus* \$40.00 per \$1,000 of gross receipts, or fraction thereof over \$500,000.00.

For business certificates issued for operation in 2021 to businesses with between \$1 million and \$5 million in taxable gross receipts: for retail cannabis businesses, \$50.00 per \$1,000.00 of gross receipts, or fraction thereof, for cannabis manufacturing

businesses, \$45.00 per \$1,000.00 of gross receipts, or fraction thereof, for cannabis cultivation businesses, \$45.00 per \$1,000.00 of gross receipts, or fraction thereof, for cannabis storage or packaging businesses, \$45.00 per \$1,000.00 of gross receipts, or fraction thereof, for cannabis cultivation businesses, \$45.00 per \$1,000.00 of gross receipts, or fraction thereof, for cannabis distribution and transportation businesses, \$40.00 per \$1,000.00 of gross receipts, or fraction thereof.

For business certificates issued for operation in 2021 to businesses with greater than \$5 million in taxable gross receipts: for retail cannabis businesses, \$50.00 per \$1,000.00 of gross receipts, or fraction thereof, for cannabis manufacturing businesses, \$50.00 per \$1,000.00 of gross receipts, or fraction thereof, for cannabis cultivation businesses, \$50.00 per \$1,000.00 of gross receipts, or fraction thereof, for cannabis storage or packaging businesses, \$50.00 per \$1,000.00 of gross receipts, or fraction thereof, for cannabis cultivation businesses, \$50.00 per \$1,000.00 of gross receipts, or fraction thereof, for cannabis distribution and transportation businesses, \$40.00 per \$1,000.00 of gross receipts, or fraction thereof.

For business certificates issued for operation in 2022, and any year thereafter, to business with between \$500,000.00 and \$1 million in taxable gross receipts: for retail cannabis businesses, \$1.20 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$500,000.00 *plus* \$30.00 per \$1,000 of gross receipts, or fraction thereof over \$500,000.00, for cannabis manufacturing businesses, \$1.20 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$500,000.00 *plus* \$25.00 per \$1,000 of gross receipts, or fraction thereof over \$500,000.00, for cannabis storage or packaging businesses, \$1.20 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$500,000.00 *plus* \$25.00 per \$1,000 of gross receipts, or fraction thereof over \$500,000.00, for cannabis cultivation businesses, \$1.20 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$500,000.00 *plus* \$25.00 per \$1,000 of gross receipts, or fraction thereof over \$500,000.00, for cannabis distribution and transportation businesses, \$1.20 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$500,000.00 *plus* \$15.00 per \$1,000 of gross receipts, or fraction thereof over \$500,000.00.

For business certificates issued for operation in 2022, and any year thereafter, to business with between \$1 million and \$5 million in taxable gross receipts: for retail cannabis businesses, \$30.00 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$1,000,000.00 *plus* \$40.00 per \$1,000 of gross receipts, or fraction thereof over \$1,000,000.00, for cannabis manufacturing businesses, \$25.00 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$1,000,000.00 *plus* \$35.00 per \$1,000 of gross receipts, or fraction thereof over \$1,000,000.00, for cannabis storage or packaging businesses, \$25.00 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$1,000,000.00 *plus* \$35.00 per \$1,000 of gross receipts, or fraction thereof over \$1,000,000.00, for cannabis cultivation businesses, \$25.00 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$1,000,000.00 *plus* \$35.00 per \$1,000 of gross receipts, or fraction thereof over \$1,000,000.00, for cannabis distribution and transportation businesses, \$15.00 per \$1,000 of gross receipts, or fraction thereof,

equal to or less than \$1,000,000.00 *plus* \$20.00 per \$1,000 of gross receipts, or fraction thereof over \$1,000,000.00.

For business certificates issued for operation in 2022, and any year thereafter, to business with greater than \$5 million in taxable gross receipts: for retail cannabis businesses, \$45.00 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$5,000,000.00 *plus* \$50.00 per \$1,000 of gross receipts, or fraction thereof over \$5,000,000.00, for cannabis manufacturing businesses, \$25.00 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$1,000,000.00 *plus* \$35.00 per \$1,000 of gross receipts, or fraction thereof over \$1,000,000.00 but equal to or less than \$5,000,000.00, *plus* \$45.00 per \$1,000 of gross receipts, or fraction thereof, over \$5,000,000.00, for cannabis storage or packaging businesses, \$25.00 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$1,000,000.00 *plus* \$35.00 per \$1,000 of gross receipts, or fraction thereof over \$1,000,000.00 but equal to or less than \$5,000,000.00, *plus* \$45.00 per \$1,000 of gross receipts, or fraction thereof, over \$5,000,000.00, for cannabis cultivation businesses, \$25.00 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$1,000,000.00 *plus* \$35.00 per \$1,000 of gross receipts, or fraction thereof over \$1,000,000.00 but equal to or less than \$5,000,000.00, *plus* \$45.00 per \$1,000 of gross receipts, or fraction thereof, over \$5,000,000.00, for cannabis distribution and transportation businesses, \$15.00 per \$1,000 of gross receipts, or fraction thereof, equal to or less than \$1,000,000.00 *plus* \$20.00 per \$1,000 of gross receipts, or fraction thereof over \$1,000,000.00 but equal to or less than \$5,000,000.00, *plus* \$30.00 per \$1,000 of gross receipts, or fraction thereof, over \$5,000,000.00.

With respect to any 2021 business tax certificate, and in every subsequent year, the rates defined in this Section 5.04.480 shall no longer be applicable to Cannabis Testing and such businesses shall pay business tax at the rate, if any, otherwise applicable to that business notwithstanding this Section 5.04.480.