

ORDINANCE NO. 1831

AN ORDINANCE OF THE PEOPLE OF THE CITY OF PALM SPRINGS, CALIFORNIA, ADDING CHAPTER 3.35 TO THE PALM SPRINGS MUNICIPAL CODE, APPROVING AND IMPLEMENTING A CANNABIS AND MARIJUANA TAX OF UP TO 15 CENTS PER \$1.00 OF PROCEEDS ON CANNABIS OR MARIJUANA COLLECTIVES OPERATING IN THE CITY.

THE PEOPLE OF THE CITY OF PALM SPRINGS ORDAINS:

SECTION 1. Chapter 3.35 is added to the Palm Springs Municipal Code to read:

CANNABIS AND MARIJUANA TAX

- 3.35.010 Imposition of Tax.
- 3.35.020 Definitions.
- 3.35.030 Payment Obligation.
- 3.35.040 City Council Authorization to Adjust Rates.
- 3.35.050 Payment of Tax Does Not Authorize Activity.
- 3.35.060 Cannabis and Marijuana Tax Is Not a Sales Tax.
- 3.35.070 Amendments and Administration.

3.35.010 Imposition of Tax.

Every person engaged in operating or otherwise conducting a cannabis or marijuana collective, and regardless of whether such collective has a permit pursuant to Section 9.23.15 of this Code, shall pay a cannabis and marijuana tax of 15 cents for each \$1.00 of proceeds or fractional part thereof.

3.35.020 Definitions

For purposes of this Chapter.

A. A "cannabis or marijuana collective" means any activity regulated or permitted by Section 9.23.15 of this Code, or California Health and Safety Code sections 11362.5, *et seq.*, as may be amended from time to time, or any other activity or business that involves planting, cultivating, harvesting, transporting, dispensing, delivering, providing, manufacturing, compounding, converting, processing, preparing, storing, packaging, or testing any part of the marijuana plant for medical purposes.

B. "Proceeds" means gross receipts of any kind, including without limitation, membership dues; the value of in-kind contributions; reimbursements provided by members regardless of form; any payments made; and anything else of value obtained by a cannabis or marijuana collective.

3.35.030 Payment Obligation.

All taxpayers subject to this Chapter must pay the full tax imposed by this Chapter regardless of any rebate, exemption, incentive, or other reduction set forth elsewhere in this Code, except as required by California or Federal Law. Failure to pay the tax shall be subject to penalties, interest charges, and assessments as the City Council may establish and the City may use any or all other code enforcement remedies provided in the Charter and this Code. No provision in this Code can lower the tax rate set forth in this Section or otherwise reduce the amount of taxes paid hereunder unless the provision specifically states that the reduction applies.

3.35.040. City Council Authorization to Adjust Rates.

The City Council may impose the tax authorized by this Chapter at a lower rate and may establish exemptions, incentives, or other reductions, and penalties and interest charges or assessments for failure to pay the tax in a timely manner, as otherwise allowed by the Charter and California law. No action by the Council under this Section shall prevent it from later increasing the tax or removing any exemption, incentive, or reduction, and restoring the maximum tax specified in this Chapter.

3.35.050 Payment of Tax Does Not Authorize Activity.

The payment of the tax required pursuant to this Chapter shall not be construed as authorizing the conduct or continuance of any illegal business or of a legal business in an illegal manner. Nothing in this Chapter implies or authorizes that any activity connected with the distribution or possession of cannabis is legal unless otherwise authorized and allowed in strict and full conformance to the provisions of this Code, including without limitation the provisions of Section 9.23.15. Nothing in this Chapter shall be applied or construed as authorizing the sale of marijuana.

3.35.060 Cannabis and Marijuana Tax Is Not a Sales Tax.

The Cannabis and Marijuana Tax provided for under the provisions of this Chapter is not a Sales or Use Tax and shall not be calculated or assessed as such. The Cannabis and Marijuana Tax shall not be separately identified or otherwise specifically assessed or charged to any member, patient, or caretaker.

3.35.070 Amendments and Administration.

A. This Chapter was submitted to the voters for approval. Any amendment to Section 3.35.010 to increase the Tax above the rate expressly provided in such Section shall not become effective until such amendment is approved by the voters. The voters expressly authorize the City Council to amend, modify, change, or revise any other provision of this Chapter as the City Council deems in the best interest of the City.

B. The City Manager or the City Manager's designee shall promulgate rules, regulations, and procedures to implement and administer this Chapter to ensure the efficient and timely collection of the tax imposed by this Chapter, including without limitation, formulation and implementation of penalties and interest to be assessed for failure to pay the tax as provided.

C. The City Manager or the City Manager's designee shall annually audit the cannabis and marijuana taxes imposed by this Chapter to verify that tax revenues have been properly expended in accordance with the law.

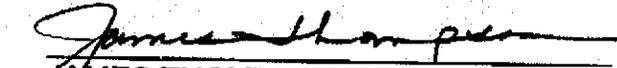
D. Pursuant to California Constitution Article XIII B, the appropriation limit for the City is increased to the maximum extent over the maximum period of time allowed under law consistent with the revenues generated by the cannabis and marijuana tax.

SECTION 2. This Ordinance shall become effective upon adoption by a majority of the voters casting votes at the general municipal election on November 5, 2013.

PASSED, APPROVED, AND ADOPTED BY THE PEOPLE OF THE CITY OF PALM SPRINGS AT THE REGULAR MUNICIPAL ELECTION HELD THE 5TH DAY OF NOVEMBER, 2013.

ATTEST:

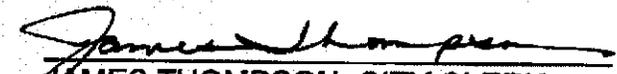

STEPHEN P. POUGET, MAYOR


JAMES THOMPSON, CITY CLERK

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, JAMES THOMPSON, City Clerk of the City of Palm Springs, California, do hereby certify that Ordinance No. 1831 is a full, true, and correct copy, and was adopted by a majority vote of the People of the City of Palm Springs, at the Regular Municipal Election held the 5th day of November, 2013, as appears by the official returns of said election, and the Statement of Votes Cast as declared by the City Council, Resolution No. 23472, adopted the 20th day of November, 2013.


JAMES THOMPSON, CITY CLERK
City of Palm Springs, California 12/05/2013