

RESOLUTION NO. 25185

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, REDUCING THE CANNABIS BUSINESS ACTIVITY TAX RATE ON RETAIL TO FIVE PERCENT (5%), AND ALLOCATING A CERTAIN PERCENTAGE OF TAXES COLLECTED TO BE USED FOR CERTAIN PURPOSES

WHEREAS, the voters of the City of Palm Springs approved Measure E at the November 7, 2017 general municipal election by a 78.38% affirmative vote of the electorate. The City Council recited the fact of the regular municipal election held on November 7, 2017, and declared the result of the election at the December 6, 2017 City Council meeting; and

WHEREAS, Ordinance No. 1946 (the "Ordinance"), adopted by the voters of the City on December 6, 2017, amended Chapter 3.42 of the Palm Springs Municipal Code regarding cannabis taxation. The Ordinance authorizes the City to impose a general tax on the gross receipts of cannabis businesses, apart from cultivation, as defined in the Ordinance at a maximum amount of fifteen cents (\$0.15) of every dollar of gross receipts; and

WHEREAS, the Ordinance also allows the City Council to impose the tax on the gross receipts of cannabis businesses at rates lower than the maximum rate specified in the Ordinance; and

WHEREAS, the City Council desires to attract and retain a vibrant and sustainable cannabis industry in the City; and

WHEREAS, in furtherance of the above mentioned goal, the City Council desires to modify the tax rate for the following cannabis business activity; and

WHEREAS, this Resolution shall have no effect on any of the other previously established tax rates of other cannabis business activity in the City not expressly addressed by this Resolution; and

WHEREAS, this City Council further desires to allocate a certain percentage of the totality of cannabis tax collected in the City for social equity and social good; and

WHEREAS, unless otherwise defined in this Resolution, the definitions contained in the Ordinance shall apply to the words and terms contained in this Resolution. For the purposes of this Resolution, the term "Tax" means the "Gross Receipts Tax" established in the Ordinance and codified in Palm Springs Municipal Code Section 3.42.030.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF PALM SPRINGS DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. That the foregoing Recitals are true and correct and are incorporated herein by this reference.

SECTION 2. Pursuant to Palm Springs Municipal Code section 3.42.030(B), the Tax on a cannabis retail business is established and shall be imposed as follows:

A. At the rate of five cents (\$0.05) for each dollar (or portion thereof) of the gross receipts of such retail business.

B. The tax rate established by subsection (A) above shall apply to the gross receipts received by each cannabis retail business from and after January 1, 2024.

C. For any cannabis retail business that is delinquent in the payment of its Palm Springs cannabis tax for more than one (1) month, the following rate shall apply to that business for so long as such business has not paid its Palm Springs cannabis tax, including any penalties and interest thereon: Ten percent (10%) of gross receipts.

SECTION 3. Social Equity Funding. The City Council directs that one percent (1%) of the total cannabis tax revenue received by the City following the effective date of this resolution directed to the general fund shall be used for the City's social equity programs, as adopted and amended from time to time by the City Council or City Manager.

SECTION 4. Social Good Funding. The City Council directs that one percent (1%) of the total cannabis tax revenue received by the City following the effective date of this resolution directed to the general fund shall be used for the City's social good programs, as adopted and amended from time to time by the City Council or the City Manager.

SECTION 5. Not Deemed a Special Tax. The adoption of this Resolution shall not be construed, and it is not the City Council's intent, to convert the City's cannabis tax into a "special tax", as that term is defined Article XIIC §1(d) of the California Constitution, or California Government Code sections 53721 and 53724, or any combination thereof. Although this Resolution expresses the intent of the current City Council to prioritize spending future cannabis tax revenues for certain purposes, such tax shall remain a "general tax" as that term is defined in Article XIIC §1(a) of the California Constitution. In the event this Resolution is determined to convert the City's cannabis tax into a special tax, it shall be deemed void for all purposes.

SECTION 6. This action is not subject to the California Environmental Quality Act (Public Resources Code Section 21000 et. seq.) pursuant to Section 15060(c)(2) and 15060(c)(3) of the State Guidelines, because the resolution will not result in a direct or reasonably foreseeable indirect physical change in the environment and is not a "project," as that term is defined in Section 15378 of the State Guidelines.

SECTION 7. If any provision of this Resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The City

Council hereby declares that it would have adopted this Resolution irrespective of the invalidity of any particular portion thereof.

ADOPTED THIS 29TH DAY OF FEBRUARY 2024.



Scott C. Stiles, City Manager

ATTEST:



Brenda Pree, City Clerk

CERTIFICATION

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

I, BRENDA PREE, City Clerk of the City of Palm Springs, hereby certify that Resolution No. 25185 is a full, true and correct copy, and was duly adopted at a regular meeting of the City Council of the City of Palm Springs on February 29, 2024, by the following vote:

- AYES: Councilmembers Garner and Middleton; Mayor Pro Tem deHarte; and Mayor Bernstein
- NOES: None
- RECUSED: Councilmember Holstege
- ABSENT: None
- ABSTAIN: None

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Palm Springs, California, this 14th day of March 2024.



Brenda Pree, MMC, CERA, City Clerk
City of Palm Springs, California

