

RESOLUTION NUMBER 5448

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PERRIS, CALIFORNIA, SETTING THE TAX RATE ON PROCEEDS OF COMMERCIAL MARIJUANA DISTRIBUTION AND MANUFACTURING WITHIN THE CITY AND ESTABLISHING A DEDUCTION FOR CERTAIN TAXES ESTABLISHED UNDER CHAPTER 3.40, PURSUANT TO SECTIONS 3.40.020(a), 3.40.020(c), 3.40.030, AND 3.40.090 OF CHAPTER 3.40 OF TITLE 3 OF THE PERRIS MUNICIPAL CODE

WHEREAS, a General Municipal Election was held in the City of Perris, California, on November 8, 2016, at which a ballot measure was submitted to the voters concerning the adoption of a proposed ordinance for the imposition of a maximum 10% tax upon the gross receipts of marijuana dispensaries and a maximum of \$25 per square foot tax upon marijuana cultivation, which is codified under Chapter 3.40 of Title 3 of the Perris Municipal Code (“Measure J”);

WHEREAS, Measure J was approved by the voters;

WHEREAS, a General Municipal Election was held in the City of Perris, California, on November 6, 2018, at which a ballot measure (“Measure G”) was submitted to the voters concerning the adoption of a proposed ordinance for the imposition of a maximum 10% tax upon the proceeds of marijuana distribution and manufacturing operations, which was added to Chapter 3.40 of Title 3 of the Perris Municipal Code;

WHEREAS, Measure G was approved by the voters;

WHEREAS, Section 3.40.020(c) of the Perris Municipal Code imposes the taxes contemplated by Measure G upon the distribution and manufacturing of marijuana operations, regardless of whether such distribution or manufacturing operations are permitted to operate within the City;

WHEREAS, Sections 3.40.020(c) and 3.40.030(b) of the Perris Municipal Code permit the City Council to set by resolution the rate at which the proceeds of marijuana distribution and manufacturing operations are to be taxed provided that such rate shall not exceed the rate of \$0.10 for each \$1.00 of proceeds or fractional part thereof;

WHEREAS, Section 3.40.030(b) of the Perris Municipal Code permits the City Council to establish exemptions, incentives, or other reductions for taxes authorized by Chapter 3.40 of the Perris Municipal Code.

WHEREAS, Section 3.40.010 of the Perris Municipal Code defines the term “proceeds” as “total revenue and/or money received through the sale of goods and/or services before any deductions or allowances (e.g., rent, cost of goods sold, taxes),” which means that a business’ calculation for taxes owed to the City includes the sales and use taxes and excise taxes that it collects from its consumers and which it remits to the State of California.

WHEREAS, the City Council now desires to set the rate at which the proceeds of marijuana distribution and manufacturing operations are to be taxed pursuant to Section 3.40.020(c) of the Perris Municipal Code, and also now desires to establish a deduction for the taxes authorized by Sections 3.40.020(a) and 3.40.020(b) of the Perris Municipal Code so that, in calculating the taxes owed to the City pursuant to Sections 3.40.020(a) and 3.40.020(c) of the Perris Municipal Code, such businesses and operations may deduct the amount of any sales and use taxes and any excise taxes collected from their consumers and paid to the State of California from their reported proceeds, as defined by Chapter 3.40 of Title 3 of the Perris Municipal Code.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PERRIS, CALIFORNIA, DOES HEREBY RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. That the recitals set forth above are true and correct and incorporated herein by this reference.

Section 2. Except as otherwise provided, the terms used in this Resolution shall have the same meanings as those terms provided in Chapter 3.40 of the Perris Municipal Code.

Section 3. That, pursuant to Sections 3.40.020(c), 3.40.030(b), and 3.40.090) of the Perris Municipal Code, the City Council hereby establishes the tax rate imposed upon the proceeds of marijuana distribution and manufacturing operations at \$0.10 for each \$1.00 of proceeds or fractional part thereof.

Section 4. That, pursuant to Section 3.40.030(b) of the Perris Municipal Code, the City Council hereby establishes the following deduction for the taxes imposed by Sections 3.40.020(a) and 3.40.020(c) of the Perris Municipal Code:

- a. **State Sales and Use Tax and Excise Tax Deduction.** In calculating taxes owed pursuant to Chapter 3.40 of the Perris Municipal Code, businesses subject to the taxes provided in Sections 3.40.020(a) and 3.40.020(c) of the Perris Municipal Code may deduct from their reported proceeds an amount equal to the amount of sales and use taxes and excise taxes collected from a consumer and paid to the State of California. For example, if a business reports \$1,000 in proceeds with \$10 of such proceeds attributable to sales and use taxes and excise taxes collected, then the business may deduct \$10 from the \$1,000. This will result in \$990 in taxable proceeds that will be used to calculate the taxes owed by the business to the City pursuant to Sections 3.40.020(a) and 3.40.020(c) of the Perris Municipal Code.
- b. Nothing herein shall limit the City Council's authority to eliminate this deduction pursuant to its authority under Section 3.40.030(b) of the Perris Municipal Code.

Section 5. That the City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions. This Resolution shall be effective immediately upon passage and adoption.

PASSED, APPROVED AND ADOPTED this 26th day of February, 2019.

Michael M. Vargas, Mayor

ATTEST:

Nancy Salazar, City Clerk

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) §
CITY OF PERRIS)

I, Nancy Salazar, City Clerk of the City of Perris, California, do hereby certify that the foregoing Resolution Number 5448 was duly and regularly adopted by the City Council of the City of Perris at a regular meeting thereof held on the 26th day of February 12, 2019, by the following called vote:

AYES: MAGAÑA, CORONA, RABB, VARGAS
NOES: ROGERS
ABSTAIN: NONE
ABSENT: NONE

Nancy Salazar, City Clerk