

1 AN ORDINANCE ESTABLISHING A CANNABIS CULTIVATION TAX
2 IN THE UNINCORPORATED AREAS OF THE COUNTY OF LAKE

3 ORDINANCE NO. 3047

4 WHEREAS, on September 11, 2015, the Medical Marijuana Regulation and Safety Act,
5 which consists of three separate bills, was enacted; and

6 WHEREAS, the Medical Marijuana Regulation and Safety Act (hereinafter, the "Act")
7 creates a comprehensive state licensing system for the commercial cultivation, manufacture, retail
8 sale, transport, distribution, delivery, and testing of medical cannabis; and

9 WHEREAS, the Act authorizes a county to impose a tax on the privilege of engaging in
10 those activities therein enumerated relating to medical cannabis, which authorization is codified in
11 Business and Professions Code section 19348; and

12 WHEREAS, Business and Professions Code section 19348 includes among those
13 activities which are subject to said tax, the cultivation of medical cannabis; and

14 WHEREAS, funding must be increased to address impacts to the County and its residents
15 related to medical cannabis cultivation in Lake County, which impacts affect law enforcement
16 resources, environmental protection resources, and water quality protection resources; and

17 WHEREAS, additional funding will further allow the County to develop and maintain
18 necessary educational services for the children of the County to educate them in regard to the
19 negative impacts of drug and alcohol use; and

20 WHEREAS, the Board of Supervisors wishes to impose such a license tax on medical
21 cannabis cultivation occurring in the unincorporated areas of the County of Lake in order to
22 provide such funding; and

23 WHEREAS, revenues collected on a tax imposed pursuant to Revenue and Taxation
24 Code section 7284 may be reserved for specific or general local purposes as determined by the
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28 Unincorporated Areas of the County of Lake

1 Board of Supervisors; and

2 WHEREAS, in regard to the imposition of a tax on the cultivation of medical cannabis
3 and/or upon any of the activities enumerated in Business and Professions Code section 19348, that
4 code section authorizes a county board of supervisors to determine whether to impose said tax on
5 individually, collectively, or cooperatively, and regardless of whether the activity is for
6 compensation or gratuitous

7 WHEREAS, Business and Professions Code section 19348 requires that the Board of
8 Supervisors specify in an ordinance proposing such a tax those activities subject to the tax, the
9 applicable rate or rates, the method of apportionment, if necessary, and the manner of collection of
10 the tax.

11 NOW THEREFORE, BE IT ORDAINED AS FOLLOWS:

12 SECTION ONE: Chapter 18 is hereby added to Article VI of the Lake County Code to
13 read as follows:

14 “Sec. 18-45 Title

15 This Chapter shall be known as the Lake County Cannabis Cultivation Tax
16 Ordinance.

17 Sec. 18-48 Purpose

18 The purpose of this ordinance is to impose a tax on cannabis cultivation operations
19 which occur in the unincorporated areas of the County of Lake in order to raise additional
20 revenue to help fund law enforcement, environmental protection, and water quality
21 resources in the County as well as to establish additional educational programs for County
22 youth relating to drug and alcohol use.

23 Sec. 18-49 Definitions

24 49.1 *“Cultivation”* means the germinating, cloning, seed production, planting, growing,
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1 and harvesting of cannabis plants and the on-site drying, curing, grading, or
2 trimming of cannabis plants.

3 49.2 “*Person*” means an individual, firm, partnership, joint venture, association,
4 corporation, limited liability company, estate, trust, cooperative, collective,
5 syndicate or any other group of combination acting as a unit and includes the plural
6 as well as the singular number.

7 49.3 “*Cultivation site*” means the sum of the area(s) of cannabis cultivation as
8 measured around the perimeter of each discrete area of cannabis cultivation on a single
9 premises, as defined herein.

10 49.4 “*Legally-Authorized Cannabis Cultivation*” means cannabis
11 cultivation performed in compliance with local and state laws and regulations.

12 49.5 “*Personal Use*” means cultivation of medical cannabis under one of the following
13 two conditions:

14 a. Cultivation of medical cannabis by an individual in an area which does not
15 exceed 100 square feet if cultivated for his/her personal use and which is not sold,
16 distributed, donated, or provided to any other person or entity; or

17 b. Cultivation of medical cannabis by a primary caregiver if the cultivation site
18 does not exceed 500 square feet and he/she cultivates cannabis exclusively for the
19 personal use of no more than five (5) specified qualified patients for whom he/she
20 is the primary caregiver.

21 49.6 “*Outdoor Cultivation*” means the cultivation of cannabis using no artificial light of
22 any kind.

23 49.7 “*Indoor Cultivation*” means the cultivation of cannabis in permanent structures
24 using exclusively artificial light sources.

1 49.8 “Mixed Light Cultivation” means the cultivation of cannabis which involves the use
2 of a combination of natural and supplemental artificial lighting at a maximum threshold as
3 determined by the Department of Food and Agriculture.

4 49.9 “Premises” means a legal parcel compliant with the Subdivision Map Act , or
5 leasehold interest in agricultural land for agricultural purposes of outdoor, mixed-light, or
6 indoor cultivation or processing of cannabis, or leased or owned space in an industrial or
7 commercial building for purposes of indoor cultivation, processing, manufacture or
8 distribution of cannabis.

9 Sec. 18-50 Activities Subject to the Tax

10 Except as otherwise exempted herein, all legally authorized cannabis cultivation
11 which occurs in the unincorporated areas of the County Lake is subject to the imposition
12 of the Lake County Cannabis Cultivation Operations Tax. The imposition of said tax is in
13 addition to any permitting or other requirements imposed by the Lake County Code.

14 Sec. 18-51 Tax Rate Imposed

15 In addition to any requirements imposed by Chapter 21 of the Lake County Code,
16 each person engaged in legally-authorized cannabis cultivation within the unincorporated
17 area of Lake County shall pay an annual tax of \$1 per square foot of an outdoor cultivation
18 site, \$2 per square foot of a mixed-light cultivation site, and/or \$3 per square foot of an
19 indoor cultivation site, subject to annual Consumer Price Index increases as provided in
20 Section 18-53 herein.

21 Sec. 18-52 Tax Exemption

22 No tax shall be imposed for medical cannabis cultivated strictly for personal use as
23 defined herein.

24 Sec. 18-53 Annual CPI Increase

25 The tax imposed by this Chapter shall be adjusted on July 1, 2017 and on the
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1 first of July of each succeeding year based upon the Consumer Price Index (“CPI”) for all
2 urban consumers in the San Francisco-Oakland-San Jose areas as published by the U.S.
3 Bureau of Labor Statistics. No adjustment shall decrease the taxes imposed by this
4 Chapter.

5 Sec. 18-54 Manner of Collection

6 The tax imposed by this Chapter shall be collected by the Lake County Treasurer-
7 Tax Collector biannually in the same manner as other taxes fixed and collected by the
8 County of Lake. For purposes of this Chapter, taxes shall begin to accrue on the date on
9 which a person becomes engaged in legally-authorized cannabis cultivation in accordance
10 with the applicable provisions of the Lake County Code and all other applicable state and
11 federal laws and regulations.

12 Sec. 18-55 Penalties

13 Any person who fails to pay the tax required by this Chapter within thirty (30)
14 days after the due date shall pay, in addition to the tax, a penalty for nonpayment in a sum
15 equal to twenty-five percent (25%) of the total amount due. Receipt of the tax payment
16 by the Lake County Treasurer-Tax Collector’s Office shall govern the determination of
17 whether the tax is delinquent. Postmarks will not be accepted as adequate proof of a
18 timely payment.

19 Sec. 18-56 Implementation Subsequent to Vote

20 Upon approval of the Ordinance enacting this Chapter by a majority of the voters,
21 the County may take such actions necessary for the implementation and administration of
22 the provisions of this Chapter. Such actions shall include, but shall not be limited to:

23 56.1 Adoption of Policies and Regulations. The County may adopt those policies and
24 regulations determined by the Board of Supervisors to be necessary for said
25 implementation and administration.

1 56.2 Modification, Repeal, or Amendment. The Lake County Board of Supervisors
2 may repeal this Chapter, or amend it in a manner which does not result in an
3 increase in the amount of the tax or broaden the scope of the tax imposed herein
4 without further voter approval. If the Board of Supervisors repeals any provision
5 of this Chapter, it may subsequently reenact it without voter approval, as long as
6 the reenacted provision does not result in an increase in the amount of the tax or
7 broaden the scope of said tax. Voter approval would be required for any
8 amendment provision that would increase the rate of tax imposed pursuant to this
9 Chapter.

10 56.3 Examination of Records. The administration of the provisions of this Chapter shall
11 include, but shall not be limited to, the authority of the County to examine the
12 books and records, including tax returns, of any person subject to the provisions
13 of this Chapter. Any such examination shall occur at a reasonable and upon
14 reasonable advance notice thereof.

15 Sec. 18-57 Application of Provisions - Change in Law

16 In the event that the cultivation of cannabis for recreational use is legalized or
17 decriminalized in the State of California, the provisions of this Chapter shall apply, without
18 subsequent voter approval, to each person cultivating cannabis for such purposes in
19 accordance with the applicable provisions of County Code and all applicable state and
20 federal laws. No amendment or modification to this Chapter shall be required to conform
21 the tax to said changes and the tax shall be imposed and collected to the full extent
22 authorized pursuant to this Chapter.

23 Sec. 18-58 Payment of Tax Does Not Authorize Unlawful Business

24 The payment of the tax imposed pursuant to this Chapter, and its acceptance
25 by the County, shall not entitle any person to carry on medical cannabis cultivation unless
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1 the person has complied with all applicable requirements of the Lake County Code and all
2 other applicable laws. No tax paid under the provisions of this Chapter shall be construed
3 as authorizing the conduct or continuance of any illegal or unlawful cultivation in violation of
4 any County ordinance.

5 Sec. 18-59 Severability

6 If any provision of this Chapter or the application thereof to any person or
7 circumstance is held invalid, the remainder of the Chapter and the application of such
8 provision to other persons or circumstances shall not be affected thereby.

9 Sec. 18-60 Operative Date

10 In the event the Ordinance enacting this Chapter is approved by a majority vote of
11 of the voters at the election on November 8, 2016, it shall become effective on January 1,
12 2017. However, no tax shall be imposed or collected by the County until so authorized by
13 state law.”

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15 SECTION TWO: Election. An election on the issue of imposing a Medical Cannabis
16 Cultivation Tax shall be held together with the statewide general election on November 8, 2016.

17 SECTION THREE: The purpose of the Ordinance enacting this Chapter is to impose a general
18 tax to establish a government funding mechanism for those purposes described therein, but the
19 County is not committing to any specific course of action with regard to the tax revenue generated
20 hereunder. Therefore, this Chapter is not a “project” subject to the requirements of the California
21 Environmental Quality Act (“CEQA”) as defined in section 15378, subdivision (b).

22 SECTION FOUR: Within fifteen days of the passage of the ordinance enacting this
23 Chapter, the Clerk of the Board of Supervisors shall publish a summary of this ordinance at least
24 once in a newspaper of general circulation printed and published in the County of Lake.

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1 The Foregoing Ordinance was introduced before the Board of Supervisors on the
2 2nd day of August, 2016, and passed by the following vote on the 9th day of
3 August, 2016.

4 AYES: Supervisors Smith, Steele and Farrington

5 NOES: Supervisor Brown

6 ABSENT OR NOT VOTING: Supervisor Comstock



COUNTY OF LAKE

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Rob Brown
Chair Board of Supervisors

12 ATTEST: CAROL J. HUCHINGSON
13 Clerk of the Board of Supervisors

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By: [Signature]
Deputy

APPROVED AS TO FORM:
ANITA L. GRANT

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By: [Signature]



The within instrument is a correct
copy of the document on file in
this office.

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ATTEST: 9/20/16
CAROL J. HUCHINGSON
Clerk of the Board of Supervisors of
the State of California in and for the
County of Lake.

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By: [Signature]

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