

Impartial Analysis of Measure S: Cannabis Business Tax Measure

Measure S is an ordinance that would levy a 10% “cannabis business tax” on the gross receipts of cannabis (marijuana) businesses.

The San Bruno Municipal Code currently prohibits any cannabis businesses from locating in the City. Measure S would not change this. If Measure S is approved, it will ensure that such businesses are taxed if they operate in the City at some point after the adoption of Measure S.

Measure S defines a “cannabis business” as “a business that is licensed by the state pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act and/or involves the retailing, wholesaling, manufacturing, distributing, cultivation or testing of cannabis or cannabis products or involves the operation of a cannabis nursery.”

This tax is not a tax on the use or possession of cannabis by individuals. Such use and possession is legal in many instances under California law. The tax is a business tax that applies in addition to the existing approximately 0.1% citywide business license tax. It is not directly paid by cannabis customers.

Any increase of the tax rate above 10% would require voter approval, but the City Council can, on its own authority, reduce the rate of the tax.

Proceeds of the tax would be deposited in the City’s general fund and available for any municipal purpose. Expenditures from the general fund are controlled by the San Bruno City Council. All City revenues are audited annually by an independent certified public accountant.

Measure S was placed on the ballot by the City Council of the City of San Bruno. It will be adopted if approved by a majority of those voting on the measure.

A "Yes" vote is a vote in favor of the tax of 10% on gross receipts of cannabis businesses, should such businesses be allowed to locate in the City at a future time.

A "No" vote is a vote against the tax.

Respectfully submitted,

Marc Zafferano, City Attorney