



COUNTY OF SAN DIEGO

BOARD OF SUPERVISORS

1600 PACIFIC HIGHWAY, ROOM 335, SAN DIEGO, CALIFORNIA 92101-2470

AGENDA ITEM

DATE: August 16, 2022

22

TO: Board of Supervisors

SUBJECT

APPROVE THE WRITTEN ARGUMENT IN SUPPORT AND DELEGATE AUTHORITY FOR ANY REBUTTAL REGARDING THE SAN DIEGO COUNTY CANNABIS TAXATION BALLOT MEASURE FOR THE NOVEMBER 2022 GENERAL ELECTION (DISTRICTS: ALL)

OVERVIEW

On January 27, 2021 (4), the Board of Supervisors (Board) directed the Chief Administrative Officer (CAO) to explore the implementation of a commercial cannabis ordinance, regulations, and programs with a social equity component for the unincorporated area, including the development and implementation of a commercial cannabis taxation program. Then on May 10, 2022 (20), County of San Diego (County) staff returned to the Board with a draft cannabis business tax ordinance and fiscal revenue analysis developed in conjunction with HdL Companies (HdL), the County's cannabis taxation program consultant.

On June 28, 2022 (27), the Board approved the ordinance and resolution to place a cannabis tax on the November 2022 General Election ballot. As part of the actions authorized on June 28, Chair Fletcher and Vice Chair Vargas were authorized to develop a written argument in support of the cannabis tax measure on behalf of the Board and bring the written argument back to the Board to allow other Supervisors to contribute to and sign it. The written argument has been developed, and is included in Attachment A.

Today's requests are: 1) to make appropriate edits and approve the written argument in Attachment A, 2) to authorize any other signatories to be added to the written argument, and 3) to delegate authority to one or two Supervisors to write and sign a rebuttal argument on behalf of the Board, should an argument against the measure be submitted.

RECOMMENDATION(S)

CHAIR NATHAN FLETCHER AND VICE CHAIR NORA VARGAS

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1. Make any appropriate edits to the written argument and approve the written argument included as Attachment A on the cannabis taxation measure to be included in the voter information guide for the November 2022 General Election.
2. Approve any other Supervisors in addition to Supervisors Fletcher and Vargas who wish to be added as co-signers to the written argument by signing the signature form attached as Attachment B.
3. Delegate authority to one or two Supervisors to author and sign a rebuttal argument on behalf of the Board, should an argument against the measure be submitted.

EQUITY IMPACT STATEMENT

While cannabis was legalized in California in 2016, the harm to individuals and communities who were disproportionately targeted by the war on drugs still reverberates in our County. To address this historic harm, the Board saw the need to create a Socially Equitable Cannabis Program to help guide the County's approach to the potential revenue generated by legal cannabis sales. The Board's Socially Equitable Cannabis Program is in development and will address equity, access, and business opportunities to help rectify the injustices caused by the war on drugs.

County staff and consultants engaged in three community outreach sessions related to the cannabis taxation ordinance where information was made available about cannabis history, market demand for cannabis, revenue generating strategies, future trends in cannabis, general tax ordinance structure and rates, and cannabis tax issues. Social equity considerations were a common theme in the feedback received from the community. While the tax ordinance would create a general tax if approved by the voters, meaning that it would not be imposed for a specific purpose, the Board could choose to appropriate general funds to address the social equity purposes at a later date in order to fully realize a Socially Equitable Cannabis Program.

FISCAL IMPACT

There is no fiscal impact associated with today's recommended action.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

On January 27, 2021 (4), the Board directed the Chief Administrative Officer (CAO) to explore the implementation of a commercial cannabis ordinance, regulations, and programs with a social equity component for the unincorporated area, including the development and implementation of a commercial cannabis taxation program. Then on May 10, 2022 (20), County staff returned to the Board with a draft cannabis business tax ordinance and fiscal revenue analysis developed in conjunction with HdL, the County's cannabis taxation program consultant. At this meeting, the Board directed the CAO to take six actions: 1) return to the Board on June 14, 2022 with all actions

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necessary to place the Ordinance on the ballot for the November 8, 2022, General Election; 2) ensure the ordinance allows the Board to have the option to tax cultivation on a gross receipts or square footage basis; 3) include a component in the ordinance to address relief for crop failure in the cultivation market; 4) identify the tax as a General Tax; 5) indicate the Board will return at a later date to set the tax rates; and 6) specify that the General Tax will only apply to the unincorporated area.

On June 28, 2022, the Board authorized Chair Fletcher and Vice Chair Vargas to write the written argument to be included in the voter information guide on behalf of the Board. This written argument is included as Attachment A and is being brought back in open session to ensure that if other Supervisors wish to be signatories to the written argument, they may do so at an open session to comply with the Brown Act.

The written argument is limited to 300 words and must be submitted to the Registrar of Voters on or before August 18, 2022. The Supervisors' names and titles will be placed below the argument text under the heading, "On behalf of the Board of Supervisors of the County of San Diego." The signature form included as Attachment B will be circulated for any Supervisors who will be signing the argument to complete by writing their names, titles, and signatures.

If an argument against the measure is submitted, the authors of the argument in support may prepare a rebuttal argument. The rebuttal argument is limited to 250 words and must be submitted to the Registrar of Voters on or before August 23, 2022. If this rebuttal argument is not brought back in open session, only one or two Supervisors may author and sign it on behalf of the Board.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Approval of the written argument in support of the County cannabis taxation ballot measure supports the Equity Strategic Initiative of the County of San Diego's 2022–2027 Strategic Plan by promoting economic sustainability for all and advancing opportunities for economic growth and development to all individuals and the community.

Respectfully submitted,

CHAIR NATHAN FLETCHER
Supervisor, Fourth District

VICE CHAIR NORA VARGAS
Supervisor, First District

ATTACHMENTS

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- A. Written Argument for the San Diego County Cannabis Taxation Ballot Measure for the November 2022 General Election.
- B. Registrar of Voters Argument/ Rebuttal Signatures Form.