

**COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS
TUESDAY, AUGUST 16, 2022**

MINUTE ORDER NO. 22

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

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

ACTION:

ON MOTION of Supervisor Fletcher, seconded by Supervisor Vargas, the Board of Supervisors took the following actions:

1. Amended the written argument and approved the following written argument on the cannabis taxation measure to be included in the voter information guide for the November 2022 General Election:

In 2016, San Diego County voters overwhelmingly legalized the sale and consumption of cannabis for adults under Proposition 64. Since that time, many cities have taken steps to allow for and regulate cannabis businesses, including the cities of San Diego, La Mesa, Lemon Grove, Vista, Oceanside, and now, unincorporated San Diego County. San Diego County is taking a comprehensive approach to cannabis that advances a safe, regulated, and legal adult cannabis market and promotes social equity.

Measure A would impose a tax on cannabis businesses in the unincorporated regions of San Diego County. The tax is not a sales or use tax on cannabis users. The taxes will be paid solely by cannabis businesses, including retail businesses. These tax revenues will stay within San Diego County to fund general County purposes, including but not limited to, parks, fire safety, roads, health, social equity, and increased enforcement of illegal cannabis operations.

This tax will be paid for by businesses in unincorporated communities such as Ramona, Lakeside, and Fallbrook, even though all San Diego County voters are asked to weigh in. It will not apply to cannabis businesses in cities and will not be a double tax.

Measure A is fiscally responsible. By imposing a tax on cannabis businesses, the County's budget will be protected from any new costs associated with cannabis regulation, and protect resources for investment in our communities, public health, and social equity programs. Additionally, implementing this tax will be important to preserve the County's resources so that it can continue to fight against illicit cannabis businesses that have proliferated in many of our communities.

Measure A is a bipartisan solution to advance a safe, regulated, and legal adult cannabis market in San Diego County. These Supervisors urge you to vote yes.

2. Approved Supervisors Fletcher, Vargas, and Lawson-Remer to be added as co-signers to the written argument by signing the signature form attached as Attachment B.
3. Delegated authority to Supervisors Fletcher and Vargas to author and sign a rebuttal argument on behalf of the Board, should an argument against the measure be submitted.

AYES: Vargas, Anderson, Lawson-Remer, Fletcher

NOES: Desmond

State of California)
County of San Diego) §

I hereby certify that the foregoing is a full, true and correct copy of the Original entered in the Minutes of the Board of Supervisors.

ANDREW POTTER
Clerk of the Board of Supervisors



Signed
by Andrew Potter