

Impartial Analysis
City of San Pablo
2024 Cannabis Tax Measure
(MEASURE M)

Summary: The San Pablo City Council has placed a measure on the ballot to adopt a tax on cannabis (marijuana) businesses that may operate in the City in the future. If voters approve this tax, the City Council will be allowed to impose it at rates similar to those in other East Bay communities.

Background: In 2016, California voters approved Proposition 64, which legalized the use of cannabis products by people 21 or older. Among other things, Proposition 64 allows limited indoor cultivation of cannabis for personal use. Otherwise, cities retain authority to determine what commercial cannabis activities (e.g., cultivation or retail sales) they allow.

The City of San Pablo currently prohibits all commercial cannabis activities beyond personal cultivation. However, the City Council is considering whether to permit certain other kinds of cannabis businesses. This measure would allow the City Council to tax those businesses.

The Measure: If voters approve this measure, cannabis businesses would pay an initial tax of five percent (5%) of retail receipts, up to four percent (4%) of other receipts (for testing laboratories, manufacturing, distribution, etc.), and between two dollars (\$2) and eight dollars (\$8) per square foot of grow area for cultivators, depending on the light they use (artificial, natural, or mixed lighting). The measure allows the City Council to increase these rates up to seven percent (7%) of retail receipts, six percent (6%) of other receipts, and between two dollars (\$2) and ten dollars (\$10) per square foot of grow area for cultivators. The measure also permits yearly increases in the cultivation tax tied to increases in the Consumer Price Index.

This is a general tax to fund general City services such as police protection, recreational services, services to local youth and seniors, and community grant programs. The City expects it to raise between \$1,500,000 and \$2,200,000 yearly, if the City Council allows commercial cannabis businesses and those businesses begin to operate in the City. The tax has no expiration date, but the voters can reduce or repeal it at any election.

Yes/No Statement: A “yes” vote supports the tax. A “no” vote opposes the tax. A simple majority of votes cast (50% plus 1) will approve or defeat the measure.

Brian P. Hickey
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City of San Pablo

Dated: August 19, 2024

The above is an impartial analysis of Measure M. A complete copy of the tax ordinance appears on the City’s website at www.sanpabloca.gov. If you would like a copy of the ordinance, please call (510) 215-3000 and a copy will be mailed at no cost to you.