

ORDINANCE NO. 19-

ORDINANCE OF THE CITY OF HAYWARD, CALIFORNIA AMENDING SECTION 8-21.11 OF ARTICLE 21 OF CHAPTER 8 OF THE HAYWARD MUNICIPAL CODE RELATING TO INCREASING THE COMMERCIAL CANNABIS TAX RATE

THE CITY COUNCIL OF THE CITY OF HAYWARD DOES ORDAIN AS FOLLOWS:

Section 1. Section 8-21.11 of Article 21, Chapter 8 of the Hayward Municipal Code is hereby amended to read as follows:

SEC. 8-21.11 TAX IMPOSED.

In addition to any requirements imposed elsewhere in the Hayward Municipal Code, for the privilege of operating a commercial cannabis business in the City, an annual tax is hereby imposed on each permittee operating a commercial cannabis business as follows:

(a) Every commercial cannabis business must pay an annual tax of up to 15% of gross receipts for all products associated with medical or adult use of cannabis, from cultivation, distribution, manufacturing, and retailing of cannabis or products derived therefrom. The tax under this Article shall not be imposed on commercial cannabis businesses unless and until the City Council, by ordinance or resolution, takes action to set a tax rate not to exceed 15% of gross receipts.

(b) The City Council may, in its discretion at any time, by ordinance or resolution, impose the tax authorized by this section at a lower rate. No action taken by the City Council under this subsection to reduce the tax rate will prevent it from subsequently increasing the tax rate for cannabis business to the maximum rate specified in this section. If the City Council sets the tax rate by resolution, the resolution shall be published in the same manner and within the same time as ordinances are required to be published by law. ~~Resolutions or ordinances~~

~~imposing the tax rate shall be codified as amendments to this section adding new subsections in the following form: "Pursuant to Subsection(a) the City Council adopted Resolution No. 18-027 setting the cannabis business tax rate at 6% of gross receipts. Commencing on March 20, 2018 every commercial cannabis business in the City shall pay a cannabis business tax at the rate of 6% of gross receipts.~~

(c) Current Tax Rate. Every commercial cannabis business in the City shall pay a cannabis business tax at the rate of 7% of gross receipts.

Section 2. California Environmental Quality Act (CEQA). The City Council independently finds and determines that this action is exempt from CEQA pursuant to Section 15061(b)(3) of the CEQA Guidelines, as an activity that is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. The general exemption applies in this instance because it can be seen with certainty that there is no possibility that the proposed amendments could have a significant effect on the environment, and thus are not subject to CEQA. Thus, it can be seen with certainty that the proposed project would not have a significant effect on the environment.

Section 3. If any section, subsection, paragraph or sentence of this Ordinance, or any part thereof, is for any reason found to be unconstitutional, invalid or beyond the authority of the City of Hayward by a court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance.

Section 4. Pursuant to Section 620 of the Charter of the City of Hayward, this Ordinance shall become effective upon adoption by the City Council.

INTRODUCED at a regular meeting of the City Council of the City of Hayward, held the ___ day of, ____ 2019, by Council Member _____ .

ADOPTED at a regular meeting of the City Council of the City of Hayward held the ___ day of _____ , 2019, by the following votes of members of said City Council.

AYES: COUNCIL MEMBERS:
MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBER

APPROVED: _____
Mayor of the City of Hayward

DATE: _____

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward