

ORDINANCE NO. 3359

**ORDINANCE OF THE CITY OF CORONA, CALIFORNIA
SETTING COMMERCIAL CANNABIS BUSINESS TAX
RATES PURSUANT TO MEASURE G ADOPTED BY THE
VOTERS**

WHEREAS, on October 21, 2020, the City Council (“City Council”) of the City of Corona (“City”) approved Ordinance 3321 adding Chapter 5.36 to the Corona Municipal Code (“CMC”) to permit and regulate certain commercial cannabis businesses in the City’s manufacturing / industrial zones; and

WHEREAS, the City Council approved Ordinance No. 3327 on April 21, 2021 and Ordinance No. 3350 on June 15, 2022 to amend certain provisions in Chapter 5.36; and

WHEREAS, City Council adopted a resolution establishing Rules and Regulations for Permitting Commercial Cannabis Businesses, the most current version of which is set forth in Resolution No. 2021-022 (“Rules and Regulations”); and

WHEREAS, Section V(C)(4)(c) of the Rules and Regulations requires commercial cannabis businesses operating within the City to pay an operating fee established by the City Council; and

WHEREAS, on July 6, 2022, the City Council adopted Resolution No. 2022-102 calling for the placement of a General Tax Measure on the ballot for the November 8, 2022 General Municipal Election for the submission to qualified voters of a proposed ordinance establishing a tax on commercial cannabis businesses operating within the City (“Cannabis Tax Measure”); and

WHEREAS, as part of Resolution No. 2022-102, the City Council declared that if the Cannabis Tax Measure is approved by a majority vote of the qualified electors voting in the election, the City will not require the payment of or collect the operating fee set forth in Section V(C)(4)(c) of the Rules and Regulations; and

WHEREAS, on August 10, 2022, the City Council adopted Resolution No. 2022-108 to amend the ballot label/question for the Cannabis Tax Measure; and

WHEREAS, the Cannabis Tax Measure passed by a majority vote of eligible voters of the City of Corona voting at the November 8, 2022 General Municipal Election; and

WHEREAS, the Cannabis Tax Measure added CMC Chapter 3.38 entitled Commercial Cannabis Business Tax; and

WHEREAS, CMC Section 3.38.030(B) established the maximum rate of the commercial cannabis business tax at: (1) 9% of gross receipts for retail sale (including delivery);

(2) 7% of gross receipts for manufacturing and distribution; (3) 3% of gross receipts for testing laboratories; and (4) 15% of gross receipts for illegal commercial cannabis businesses; and

WHEREAS, CMC Section 3.38.040 further provides that the City Council may, by ordinance, downwardly adjust the rate of the tax imposed by CMC Chapter 3.38 without voter approval; and

WHEREAS, the City Council now wishes to set the tax rates for commercial cannabis businesses operating within the City.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF CORONA, CALIFORNIA, DOES ORDAIN AS FOLLOWS:

SECTION 1. Incorporation of Recitals. The above Recitals are true and correct and are incorporated herein by reference.

SECTION 2. Commercial Cannabis Business Tax Rates. Pursuant to CMC Section 3.38.040, the City Council hereby sets the tax rates for commercial cannabis businesses as follows:

A. **Retail Sale.** For every person engaged in retail sale, the tax rate shall be seven percent (7%) of gross receipts, or fractional part thereof, generated by the commercial cannabis business.

B. **Manufacturing and Distribution.** For every person engaged in manufacturing or distribution, the tax rate shall be five percent (5%) of gross receipts, or fractional part thereof, generated by the commercial cannabis business.

C. **Testing Laboratory.** For every person engaged in the operation of a testing laboratory, the tax rate shall be two percent (2%) of gross receipts, or fractional part thereof, generated by the testing laboratory.

D. **Microbusiness.** For every person engaged in the operation of a microbusiness, the tax rate for the retail sale portion of the commercial cannabis business shall be seven percent (7%) of gross receipts, or fractional part thereof, generated by retail sales at the commercial cannabis business, and the tax rate for the manufacturing and distribution portions of the commercial cannabis business shall be five percent (5%) of gross receipts, or fractional part thereof, generated by manufacturing and distribution.

E. **Illegal Businesses.** For every person engaged in the operation of an illegal commercial cannabis business, the tax rate shall be fifteen percent (15%) of gross receipts, or fractional part thereof, generated by the commercial cannabis business.

SECTION 3. Operating Fee. Upon the effective date of this Ordinance, the City will not require the payment of or collect the operating fee set forth in Section V(C)(4)(c) of

Rules and Regulations for Permitting Commercial Cannabis Businesses adopted pursuant to Resolution No. 2021-022.

SECTION 4. Severability. If any section, subsection, subdivision, paragraph, sentence, clause or phrase added by this Ordinance, or any part thereof, is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase thereof irrespective of the fact that any one or more subsections, subdivisions, paragraphs, sentences, clauses or phrases are declared unconstitutional, invalid or ineffective.

SECTION 5. Certification/Publication. The Mayor shall sign this ordinance and the City Clerk shall attest thereto and shall within fifteen days of its adoption cause it or a summary of it to be published in a newspaper published and circulated in the City of Corona.

SECTION 6. Effective Date. This Ordinance shall take effect thirty (30) days following its adoption by the City Council or ten (10) days after the City Council has certified the results of the election held on November 8, 2022, whichever is later.

PASSED, APPROVED AND ADOPTED this 4th day of January 2023.

PASSED, APPROVED

Mayor of the City of Corona, California

ATTEST:

City Clerk of the City of Corona

CERTIFICATION

I, SYLVIA EDWARDS, City Clerk of the City of Corona, California, do hereby certify that the foregoing Ordinance was regularly introduced at a regular meeting of the City Council of the City of Corona, California, duly held the 7th day of November, 2022 and thereafter at a regular meeting held on the 4th day of January, 2023, it was duly passed and adopted by the following vote of the Council:

AYES:

NOES:

ABSENT:

ABSTAINED:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Corona, California, this 4th day of January 2023.

City Clerk of the City of Corona, California

(SEAL)