

TOWN ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE C

Measure C has been placed on the ballot by the Mammoth Lakes Town Council. If approved by a majority of those voting, it would add a new Chapter 5.42 to the Mammoth Lakes Municipal Code, pertaining to taxation of cannabis-related businesses. Specifically, Measure C would establish initial tax rates of 1% of gross receipts for cannabis testing laboratories; 2% of gross receipts for businesses engaged in cannabis cultivation, distribution, manufacturing, processing, operation as a non-retail cannabis microbusiness, or any type of cannabis business not fitting into another category; and 4% of gross receipts for businesses engaged in retail cannabis sales, either in a store or through delivery to consumers, or operating as a retail sales microbusiness. Measure C would specifically exempt from taxation personal cannabis cultivation that complies with the limits set forth in state law.

Measure C would require the Town Council to review the tax rates annually. As part of that review, Measure C would allow the Town Council to reduce these tax rates to as low as 1%, or to increase the tax rates by no more than 1% each year to a maximum of 8% for retail sales and 4% for all other cannabis businesses. The revenues generated by Measure C could be used for any general Town purpose, such as police, road maintenance, or recreation.

In addition to establishing tax rates, Measure C would adopt related regulatory provisions as part of the new Chapter 5.42. These include definitions, requirements for the reporting and remission of the tax, penalties for late payment, refunds for overpayments, authority for the Town to conduct audits of cannabis businesses, and an appeal procedure for cannabis businesses regarding their tax assessments. Measure C would allow the Town Council to amend any of its regulatory provisions, but any increases in the tax rates or expansion of the tax would require future voter approval.