

Cotati City Council

Agenda Staff Report

Item type: CONSENT CALENDAR (ACTION)
To: City Council
Subject: General Business Tax Amendments
Date: August 22, 2017
Written by: Damien O'Bid, City Manager

Recommendation

It is recommended that the City Council adopt an ordinance amending Chapter 5.04 to modify provisions governing enforcement, penalties and refunds relating to the payment of general business taxes and updating related definitions in Chapter 8.24 of the Cotati Municipal Code.

Background

On August 8, 2017, the City Council introduced amendments to the Cotati Municipal Code Chapter 5.04, which among other things, proposed to re-title the Chapter "General Business Tax". The amendments were introduced concurrently with the placement on the November 2017 ballot of a proposed "Cannabis Business Tax" ordinance, Chapter 5.30. The proposed amendments to Chapters 5.04 (currently titled Business Licenses) and 8.24 (Medical Marijuana Dispensaries) are needed primarily to support Chapter 5.30, should it be approved by voters.

Analysis/Discussion

The proposed ordinance amending the business license (5.04) and dispensary chapters (8.24) of the Municipal Code clarifies that cannabis businesses subject to the cannabis industry tax will need not also pay the city's general business tax and to amend definitions as necessary for clarity and consistency with definitions set in state regulations. Businesses not required to pay the cannabis business tax, such as testing laboratories, will be required to pay the city's standard business tax.

The proposed changes are intended to support the implementation of Chapter 5.30 (Cannabis Business Tax), if approved by the voters in November 2017. Therefore, the effective date of the proposed ordinance changes are contingent on the passage of Chapter 5.30 in November.

Financial Considerations

The proposed amendments to section 5.04 and 8.24 would result in a minor (approximately \$1,000) per year loss of revenue by generally eliminating the current practice of charging one day business license fees to vendors at events.

Environmental Issues

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.