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Title: PROPOSITION 64 (ADULT USE OF MARIJUANA ACT) AND THE MEDICAL MARIJUANA REGULATION AND SAFETY ACT (CITY COUNCIL)

Sponsors: City Attorney, City Council

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Attachments: 1. Ex. 1 Power Point Marijuana Laws

Date	Ver.	Action By	Action	Result
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Report to Mayor and City Council

Tuesday, August 15, 2017

Discussion

SUBJECT:

PROPOSITION 64 (ADULT USE OF MARIJUANA ACT) AND THE MEDICAL MARIJUANA REGULATION AND SAFETY ACT (CITY COUNCIL)

I. SUMMARY

This matter was continued from August 1, 2017 City Council meeting. On or about January 1, 2018 the State of California will begin issuing state licenses for commercial marijuana operations (both medical and recreational). This will happen pursuant to the passage of Proposition 64 (Adult Use of Marijuana Act) by the voters in 2016, and the Medical Marijuana Regulation and Safety Act of 2015. The state licensed businesses will include medical and recreational marijuana cultivation, retail sales, testing, manufacturing and distribution. Cities may regulate or prohibit such businesses through local ordinance or regulation. Not addressing commercial recreational marijuana operations by 2018 will reasonably allow such operations in the City.

Proposition 64 also legalized statewide the personal cultivation of up to six marijuana plants at a private residence. However, cities may prohibit outdoor personal marijuana cultivation and regulate (though not ban) indoor personal marijuana cultivation.

II. RECOMMENDATION

CONSIDER providing direction on marijuana laws and local control, including whether to schedule community workshops on local marijuana laws.

III. ALTERNATIVES

DO NOT PROVIDE DIRECTION on marijuana laws and local control. Not addressing commercial *recreational* marijuana operations by 2018 will reasonably allow such operations in the City.

IV. BACKGROUND

A. Proposition 64 / Adult Use of Marijuana Act (AUMA)

On November 8, 2016, California voters approved Proposition 64, the Control, Regulate and Tax Adult Use of Marijuana Act (“AUMA”). The AUMA legalizes personal marijuana use, possession of up to one ounce of marijuana, and personal cultivation of up to six marijuana plants.

The AUMA largely preempts local control over these personal activities, with the exception of cities may ban personal outdoor marijuana cultivation, and cities may reasonably regulate (though not ban) personal indoor cultivation of up to six marijuana plants.

The AUMA provides for (on or about January 1, 2018) nineteen different state licenses for commercial recreational marijuana businesses (for cultivation, manufacturing, testing, distribution and retail sale) and establishes a statewide marijuana regulatory system administered by a Bureau of Marijuana Control (BMC). (Renamed the Bureau of Cannabis Control (BCC) under MAUCRSA, see below.)

Cities are authorized under the AUMA to regulate or prohibit commercial recreational marijuana operations. Cities can impose additional standards, requirements and regulations on the operation of commercial recreational marijuana operations that are stricter than state law. (Business & Professions Code § 26201.)

Failure to ban or regulate commercial recreational marijuana operations will reasonably allow a lawful state licensee to operate in the City. (Business & Professions Code § 26055 (e).)

B. Medical Marijuana Regulation and Safety Act of 2015 (MMRSA)

In October 2015, the State legislature enacted the Medical Marijuana Regulation and Safety Act (“MMRSA”) to establish a statewide regulatory system for the licensing and operation of cultivation, manufacturing, testing, distribution and retail sale of medical marijuana. MMRSA provides for (on or about January 1, 2018) seventeen different types of commercial medical marijuana state licenses.

MMRSA authorizes cities to regulate or prohibit commercial medical marijuana operations. Local governments may impose additional regulations stricter than the minimum standards imposed by the state. (Business & Professions Code § 19316.)

Commercial medical marijuana operations require both a state license as well as “a local permit, license or other authorization.” (Business & Professions Code § 19320(b).)

C. Senate Bill 94 / Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA)

On June 27, 2017 the Governor signed SB 94 into law in an attempt to reconcile differences between AUMA and MMRSA and to provide for further regulation of the marijuana industry. Changes include consistency of license types, additional security regulations and modifications to testing requirements.

D. Further Review and Analysis

Further review and analysis will be provided during the presentation of this item.

V. FISCAL IMPACT

Depending on the direction from Council there may be staff and legal costs expended to prepare any necessary amendments to the Carson Municipal Code and/or conduct community workshops.

Through permit fees the City may recover some of the costs associated with the permitting and regulation of local commercial marijuana businesses. Whether there would be additional financial costs from allowing local marijuana businesses (such as increased law enforcement costs) which cannot be recovered from permit fees is a subject for speculation.

City voters have approved a local marijuana tax ordinance. If marijuana commercial operation are permitted in the City, the voter approved City marijuana tax is estimated to generate \$500,000 to \$3,500,000 in annual City revenue.

The state will also tax commercial marijuana operations. Local return revenues are estimated from \$80-180 million from state marijuana taxes “to assist with law enforcement, fire protection, or other local programs addressing public health and safety associated with the implementation of the Control, Regulate and Tax Adult Use of Marijuana Act.”

However, there will be no such “grants to local governments which have banned the cultivation, including personal cultivation... or retail sale of marijuana or marijuana products...” (Revenue & Taxation Code § 34019(f)(3)(c).)

VI. EXHIBITS

1. Power Point Presentation (pgs. 1-18)

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