

ORDINANCE NO. 2023- \_\_\_\_\_

**AN ORDINANCE OF THE CITY OF CULVER CITY, CALIFORNIA,  
AMENDING CULVER CITY MUNICIPAL CODE SECTION  
11.32.025.E TO DECREASE THE TAX ON COMMERCIAL  
CANNABIS DISTRIBUTION BUSINESSES FROM 2% TO 0%  
EFFECTIVE JANUARY 1, 2024.**

**WHEREAS**, on April 10, 2018, Culver City voters approved Measure A, a cannabis business tax, adding Chapter 11.32 to the Culver City Municipal Code, which governs the cannabis business tax (the “Ordinance”). The initial and maximum rates for the tax, as approved by voters, are as follows:

- Retail (medicinal): range of 5 -8% with an initial rate of 5%
- Retail (adult-use): range of 6-10% with an initial rate of 6%
- Manufacturing: range of 4-6% with an initial rate of 4%
- Distribution: range of 2-6% with an initial rate of 2%
- Testing: 1-1.5% with an initial rate of 1%
- Cultivation: \$12 per square foot of canopy

**WHEREAS**, the initial rates were put in place for a minimum of two years, after which beginning on July 1, 2020, the City Council had the authority to increase, by resolution, the initial tax rate, provided such increase does not exceed the maximum rates approved by the voters and set forth in the Ordinance. To date, the City Council has not adjusted the initial rates approved by voters; and

**WHEREAS**, on September 11, 2023, in response to a request by a permitted Culver City cannabis manufacturing, distribution, and delivery-only retail business, the City Council discussed whether to decrease the Cannabis Business Tax Rate for Cannabis

1 Distribution from 2% to 0% and referred this matter to the Finance Advisory Committee (FAC)  
2 for consideration and a report back to the City Council; and

3 **WHEREAS**, on October 22, 2023, the FAC discussed this matter and, by a 4-1  
4 vote, made a recommendation to the City Council that the Cannabis Business Tax Rate for  
5 Cannabis Distribution be decreased from 2% to 0%; and

6 **WHEREAS**, Chapter 11.32 may be amended by the City Council without a vote  
7 of the people as it does not increase the rate of any tax levied pursuant to Chapter 11.32.  
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10 **NOW, THEREFORE**, the City Council of the City of Culver City, California, **DOES**  
11 **HEREBY ORDAIN** as follows:

12 **SECTION 1.** Section 11.32.025.E of the Culver City Municipal Code is hereby  
13 amended as follows:

14 E. Tax on commercial cannabis distribution businesses. The Cannabis  
15 Business Tax upon every person who engages in business in the City as a commercial  
16 cannabis distribution business shall be at the following annual rate:

- 17 1. The tax rate upon the effective date of this chapter, through  
18 December 31, 2023, shall be two percent (2%) of the gross receipts.
- 19 2. Beginning on January 1, 2024, the tax rate shall be zero percent (0%).
- 20 3. Beginning on July 1, 2020, such tax rate may increase by resolution  
21 adopted by the City Council but shall not exceed the maximum tax  
22 rate of six percent (6%) without voter approval.

23 **SECTION 2. EFFECTIVE DATE.** Pursuant to Section 619 of the City Charter,  
24 this Ordinance shall take effect thirty (30) days after the date of its adoption.  
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