

REPORT TO THE CITY COUNCIL



DATE: June 30, 2020

TITLE: Assessment of Current Cannabis Taxation

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RECOMMENDATION

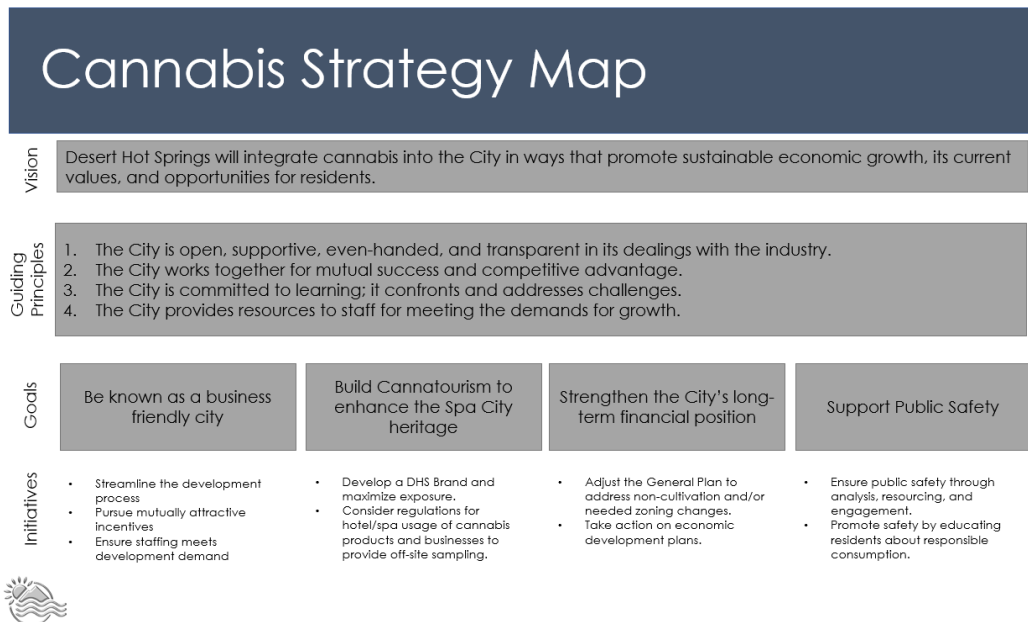
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DISCUSSION

During the June 5, 2018 City Council Study Session on Cannabis, Staff was directed to work with a moderator to facilitate the development of a unified City Council vision regarding cannabis. As part of the data gathering process, Staff was also directed to form a Cannabis Task Force comprised of cannabis industry experts to create proposals for City Council consideration. The proposals were reviewed, along with City Council's ideas, during a Cannabis Strategic Planning Session held on October 24, 2018. The Cannabis Strategic Planning Session resulted in action items that formulate proposed initiatives for strategies to support the City Council's intended vision.

During the March 19, 2019 City Council Study Session on the Cannabis Strategic Plan, City Council unanimously agreed to approve the Cannabis Strategic Plan with the understanding that certain items would return in the future requiring City Council approval.

The Cannabis Strategic Plan produced a Strategy Map outlining the City's Vision, Guiding Principles, Goals and Initiatives for growing and developing the Cannabis Industry in the City of Desert Hot Springs.



One of the Goals of the City Council's Cannabis Strategic Plan is to "Be Known as a Business-Friendly City", with an underlining initiative to "Ensure competitive tax rates." In an effort to ensure alignment with the City Council's Cannabis Strategic Plan, the City retained Urban Futures, Inc. (UFI) to conduct an assessment of the fiscal health and stability of the City of

Desert Hot Springs' cannabis cultivation tax structure, and to provide recommendations for actions to address known and anticipated fiscal impacts from the tax structure changes and economic development opportunities. UFI's Report on Cannabis Cultivation is attached (Exhibit 1).

FISCAL IMPACT

Unknown at this time.

EXHIBIT(S)

1. Urban Futures Report on Cannabis Cultivation
2. Cannabis Strategic Plan Strategy Map