

CITY OF OCEANSIDE

(This Measure will appear on the ballot in the following form.)

MEASURE M

Shall the City of Oceanside establish a Cannabis Business Tax not to exceed 6% of gross revenues for Cannabis Retailers, Manufacturers and Distributors and not to exceed 3.5% of gross revenues for Cannabis Cultivators to generate approximately \$1,900,000 annually, until voters change or repeal the tax, to fund general city services, including enforcement efforts against cannabis businesses operating illegally?

This measure requires approval of a simple majority (50% plus 1) of those voting on the measure.

CITY ATTORNEY IMPARTIAL ANALYSIS

If approved by a majority of the voters, Measure M would authorize a new business license tax on cannabis businesses operating within the City of Oceanside. The Measure allows the City Council to impose a tax up to 6 percent of the gross receipts generated by cannabis retailers, manufacturers and distributors. The proposed business license tax for commercial cannabis cultivators would be no higher than 3.5 percent of gross receipts.

This Measure does not modify the City's current regulations for opening a cannabis business. Current City law requires applicants for cannabis businesses to obtain a local license from the City Manager and a conditional use permit from the City Council. A cannabis business must also secure a license from the state of California to operate legally.

Current City law does not impose any taxes specific to the cannabis industry aside from business license taxes that apply to all businesses in the City.

Measure M was placed on the ballot by the City Council and proposes to amend the Oceanside City Code to impose a new business license tax on specified cannabis businesses. Under the proposed Measure, the City Council can impose a business license tax up to 6 percent of the gross receipts of cannabis retailers, manufacturers and distributors. Furthermore, Measure M permits the City Council to impose a business license tax up to 3.5 percent of gross receipts for cannabis cultivators. Any increase in tax rates above those specified in Measure M would require additional voter approval.

The City sales tax consultant estimates Measure M would generate approximately \$1.9 million annually assuming the City Council sets the initial rates as recommended by the City Manager. The City Manager has recommended initial taxes rates based upon gross receipts below the maximum rates as follows: 2.5 percent for cultivators, 3 percent for distributors, 4 percent for manufacturers and 5 percent for retailers. If the City Council imposes the maximum tax rates allowed by Measure M, the City's sales tax consultant estimates Measure M could generate approximately \$2.9 million annually. However, it is unclear how many businesses would locate in Oceanside if the maximum tax rates are imposed by the City Council.

Measure M contains detailed provisions for the calculation, reporting and payment of taxes owed. The City Manager is authorized to administer and enforce its provisions, including the authorization to audit records, verify tax returns, and impose penalties for non-compliance.

Measure M is proposed as a general tax. This means that the City Council will have discretion to spend Measure M revenues on any lawful municipal purpose, including but not limited to, enforcement efforts against illegally operating cannabis businesses.

CITY ATTORNEY IMPARTIAL ANALYSIS (CONTINUED)

The above statement is an impartial analysis of Measure M. If you desire a copy of the proposed City Code amendment, please call the City Clerk's office at (760) 435-3001 and a copy will be mailed at no cost to you.

You can also access the full text of the proposed City Code amendment at the following website:
<https://www.ci.oceanside.ca.us/civicax/filebank/blobdload.aspx?BlobID=53058>

ARGUMENT IN FAVOR OF MEASURE M

Voting YES for Measure M will allow the City of Oceanside to impose a business tax on cannabis (marijuana) businesses in the City.

Measure M is a proposed tax to be solely paid by cannabis businesses operating in the City, including any future permitted business types. It requires these businesses to pay their fair share of taxes.

In 2016 California voters, including 56.9 percent of Oceanside voters, approved Proposition 64 decriminalizing marijuana use and authorizing local regulation of cannabis businesses. Subsequently, the Oceanside City Council established a permitting process for some medical cannabis businesses, and for cannabis cultivation in the agricultural zone. Retail storefront dispensaries remain prohibited at this time.

A YES vote will create additional revenue to help pay for vital community services including public safety, repairing and improving city streets, parks and recreation, youth programming and senior services. The funds generated by this tax will also assist the City in shutting down marijuana activities operating illegally in Oceanside and educating youth about the effects of marijuana use.

Measure M is fiscally responsible, timely and prudent. All taxes generated by Measure M will stay here in Oceanside and pay for important City services. This will establish a new source of funding that benefits the entire community.

Vote YES to help our City prosper by making sure that the City has the resources to properly regulate the cannabis industry without hurting our investment in core city services, such as neighborhood infrastructure and first responders.

Oceanside's non-partisan city council voted to put this measure on the ballot.

Please join us in voting YES on Measure M.

PETER WEISS
Mayor, City of Oceanside

FRANK MCCOY
Chief of Police, Oceanside Police Department

COLLEEN O'HARRA
Retiree, 59-year resident, past Chamber
president and community volunteer

TYRONE MATTHEWS
Chairperson, City of Oceanside Economic
Development Commission

DEMANTINA (TINA) ORTIZ
lifelong resident and community volunteer

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE M

Another tax. This rebuttal is provided for Oceanside residents to think hard before imposing another tax in the City - with no end date.

In addition, while politicians SAY they will spend the money on all the things taxpayers surely find important, the City Attorney's Impartial Analysis literally reads "...**the City Council will have discretion to spend Measure M revenues on any lawful municipal purpose**" so there are no guarantees!

The money goes into the general fund which pays for bloated bureaucracy and government pensions.

This is a \$1,900,000 money grab with NO GUARANTEES of how it'll be spent and NO END DATE!

Politicians never want to cut wasteful spending and would prefer to ask taxpayers for a bailout. **Just say NO on Measure M. Enough is enough!**

It's time to hold politicians accountable. Giving them more money is not the answer. We taxpayers have to live within our means and so should the politicians we elect.

Taxpayers who want politicians to be more responsible with our tax dollars should vote No on Measure M

TONY KRVARIC
Chairman, Republican Party of San Diego County

ARGUMENT AGAINST MEASURE M

Surprise! Another tax increase proposed by politicians looking for a bailout! This time a \$1,900,000 money grab with no guarantees of how it'll be spent and NO END DATE!

Citizens must VOTE NO on Measure M. The tax is taking advantage of the taxpayer in Oceanside in order to bail out politicians.

The measure is just a way to take more from heavily taxed citizens of Oceanside with a tax that has no sunset provisions and no guarantees for how the money will be spent!

Politicians never want to cut wasteful spending and would prefer to ask taxpayers for a bailout. **Just say NO on Measure M. Enough is enough!**

It is time to hold politicians accountable. Giving them more money is not the answer. We taxpayers must live within our means and so should the politicians we elect.

Taxpayers who want a more accountable government should vote No on Measure M.

By VOTING NO on Measure M you are sending a clear message that we expect our government to live within its means - like the rest of us. **Just say No on Measure M.**

TONY KRVARIC
Chairman, Republican Party of San Diego County

REBUTTAL TO ARGUMENT AGAINST MEASURE M

The argument against Measure M fails to note that this tax will **ONLY** apply to cannabis businesses. Voters in Vista, San Diego, Chula Vista, La Mesa, and Lemon Grove have supported these measures – why should Oceanside taxpayers bear the fiscal and social impacts to our community with no offset and revenue?

Cannabis businesses – medicinal and recreational - add to demands on public safety services and should pay their fair share instead of burdening the City's taxpayers.

Even if you oppose the use of cannabis, it has already been legalized. This measure will not make it more or less legal. It will simply ensure that regulating businesses will not impact other services such as after school and parks and recreation programs. Failing to approve this tax would make it **MORE** profitable for them to locate in Oceanside and **INCREASE** the likelihood that Oceanside residents and children will have more access to unregulated and possibly tainted cannabis.

Measure M is a sensible, even-handed measure that will ensure cannabis businesses will pay their fair share of offsetting their impacts on the quality of life of Oceanside residents. It will ensure that the City of Oceanside has the resources it needs to regulate these businesses and invest in communities traditionally negatively impacted by criminalization.

Please join us in voting YES on Measure M for the future of Oceanside.

ESTHER SANCHEZ
Councilmember

KYLE KRAHEL- FROLANDER
Planning Commissioner, City of Oceanside

RANDALL GODINET
Youth activist and community volunteer

JOSE APONTE
retired Oceanside Public Library Director