

§ 9-29.5. Cannabis tax.

Notwithstanding any other provision of this Code, every person engaged in, managing, conducting, or carrying on any cannabis business defined in Chapter VI of this title, or any other marijuana and/or cannabis business, shall pay an annual business tax as follows:

- (a) Every person who is lawfully engaged in, managing, conducting, or carrying on a business as a cannabis distributor, manufacturer, and/or research and development laboratory, as set forth in section 9-486(a), shall pay an annual business tax of 1% based on the gross receipts of that business.
- (b) Every person who is lawfully engaged in, managing, conducting, or carrying on a business as a cannabis testing laboratory, as set forth in section 9-486(a), shall pay no annual business tax.
- (c) Every person who is engaged in, managing, conducting, or carrying on a business as a cannabis store-front retailer, as set forth in section 9-486(a), and/or who otherwise sells, dispenses and/or furnishes cannabis anywhere within the city, shall pay an annual business tax of 7% based on the gross receipts of that business.
- (d) Every person who is engaged in, managing, conducting, or carrying on a business as a cannabis nonstore front retailer, as set forth in section 9-486(a), and/or who otherwise delivers cannabis anywhere within the city, shall pay an annual business tax of 7% based on the gross receipts of that business, subject to the applicable provisions of section 9-40.
- (e) Every cannabis business that is engaged as a distributor, manufacturer, or research and development laboratory, that is also engaged in retail sales or delivery of the same cannabis products, shall pay the business tax as set forth in subsections (c) and (d) of this section, as applicable, for the retail sale or delivery of the same cannabis and cannabis products and is not required to pay business taxes set forth in subsection (a). The operator has the burden of proving that the cannabis or cannabis products involved in the distribution, manufacturing, and/or research and development are the same.
- (f) The proceeds of the tax set forth in subsections (a), (c), (d), and (e) shall be subject to an annual audit as scheduled by the city manager or director of finance.
- (g) One-half of one percent of the proceeds of the tax set forth in subsections (c) and (d) shall be directed toward the implementation of the cultural and arts master plan and one-half of one percent shall be directed towards the implementation of a first time homebuyer program for current residents of the city, former residents who were raised in the city and/or who graduated from the Newport Mesa Unified School District.

(Ord. No. 16-15, § 3, 11-8-16; Ord. No. 18-04, § 1, 4-3-18; Ord. No. 21-09, § 1, 6-15-21)