



CITY OF COSTA MESA RETAIL CANNABIS TAX & REGULATION MEASURE

FREQUENTLY ASKED QUESTIONS

What is Measure Q – The Costa Mesa Retail Cannabis Tax and Regulation Measure?

The Costa Mesa City Council voted to place Measure Q – the City of Costa Mesa Retail Cannabis Tax and Regulation Measure – on the November 3, 2020 ballot. If approved by a majority of Costa Mesa voters, Measure Q would allow the Costa Mesa City Council to adopt regulations permitting cannabis retail and delivery uses within the City. It would also authorize the Council to enact a gross receipts tax on recreational cannabis sales, from four-to-seven percent, which could generate up to \$3 million annually to support City public safety and essential services.

How would any revenue from Measure Q be used?

If passed by a majority of Costa Mesa voters in November, revenue from Measure Q would go to the City's general fund and could be used to preserve local essential services, including:

- 911 emergency response
- Fire and Police services
- Emergency operations and disaster preparedness
- Homeless and housing services
- Road and infrastructure maintenance
- Small business support
- Parks, recreation and open spaces



Would funds from Measure Q be used outside of Costa Mesa?

Absolutely not—all funds generated will remain under local control and for the benefit of the Costa Mesa community exclusively. If approved by voters, all revenue generated would go solely to fund general City services that residents and businesses rely on every day.

Under Measure Q, would cannabis storefront dispensaries and non-storefront delivery services have to follow specific regulations?

The City is dedicated to ensuring that any retail allowed by Measure Q would follow strict rules and regulations, including requirements from the State's Bureau of Cannabis Control. These regulations on cannabis retail uses must include restricting storefronts (dispensaries) and non-storefronts (delivery) uses to commercially-zoned properties, as well as in the Green Zone for delivery only. Retail cannabis uses would be prohibited from being located within 1,000 feet of schools, playgrounds, child care centers or homeless shelters. Storefronts would be required to utilize exterior building lighting, video monitoring, and security guards.

Is it legal to sell cannabis in Costa Mesa currently?

In 2016, Costa Mesa voters approved Measure X, which allowed certain non-retail cannabis - uses (i.e. manufacturing and distribution) in the City. Currently, it is illegal to operate a cannabis dispensary or business that sells/delivers cannabis products in Costa Mesa. If adopted, Measure Q would allow the City to develop rules for cannabis storefront dispensaries and non-storefront delivery services that best serves the residents of Costa Mesa.

Who would have to pay a cannabis retail tax if Measure Q is passed by a majority of voters?

Measure Q would allow for a gross receipts tax that would only be levied on those retailers who are selling cannabis in or from the City of Costa Mesa.



Does Measure Q help the City of Costa Mesa current financial situation?

The City of Costa Mesa is facing revenue shortfalls due to the financial impacts of the COVID-19 pandemic. Without additional funding, the City may be forced to make additional cuts to local services, including 911 emergency response, road repairs, and support for small businesses and other core services.



What has the City done so far to reduce the budget deficit?

The City of Costa Mesa has been faced with making difficult decisions due to the severity of the current economic downturn, including employee furlough of 5 percent, postponement of capital projects, hiring freeze, and other cuts to core services.



How can we be sure the funds are being used locally and as promised?

Transparency and accountability are an important part of Measure Q. It contains tough fiscal accountability requirements, mandating annual independent financial audits and public disclosure of all funds to ensure transparency. This guarantees that the funds from the tax are used locally and effectively.



What is the City doing between now and Election Day?

The City Council's number one priority is to ensure Costa Mesa's future is strong for generations to come. We will continue engaging and educating all community members about the revenue generating ballot measure and the impact on City services if approved by voters.

For additional information on Measure Q, the Retail Cannabis Tax and Regulation Measure, please visit our website www.CostaMesaMeasureQ.com.