

Impartial Analysis for Measure V: An Initiative to Allow Operation of up to Eight Medical Marijuana (Cannabis) Businesses in City of Costa Mesa

Measure V, known as an Initiative to “Allow Operation of up to Eight Medical Marijuana (Cannabis) Businesses in City of Costa Mesa”, would amend the Costa Mesa Municipal Code to authorize up to eight medical marijuana businesses within City boundaries; such businesses could engage in retail sales, planting, cultivation, harvesting, transporting, manufacturing, processing, preparing, storing, packaging, and provision of medical marijuana. Medical marijuana businesses would be required to obtain a City business license, valid for two years, but would be exempt from requirements for any other permits, including special or conditional use permits, site plans, variances, or any other permit or certificate otherwise required by law. If not issued or denied within 45 days, the business will be permitted to operate. These business license requirements are ministerial in nature. The Measure provides no discretion to the City to approve the licensees or the location of medical marijuana businesses.

Such businesses would be allowed as a matter of right certain commercial (AP, C1, C2, C1S, TC & PDC) and industrial (MG, MP & PDI) zones, but not in residential zones. Operational requirements include: authority to cultivate a “reasonable” amount of marijuana consistent with their member patient’s needs; no operations within 600’ of a public school; no operations within 1000’ from another medical marijuana business; no minors allowed during hours of operation (limited to 9 a.m. to 10 p.m. seven days a week); no alcohol or marijuana to be consumed on, or within 50 feet of, the premises; employees/volunteers must annually pass a criminal background check; security guard patrol provided for the premises during all hours of operation; warning labels and packaging restrictions; odor restrictions; minimum client records; and possession of a commercial general liability insurance policy. Violations of the Measure are subject to all penalties available under the Municipal Code.

If certain qualifications are met, the first eight applicants shall be granted a business license pursuant to "priority registration" status. If less than eight applicants so qualify, the City may continue to issue licenses until eight have been issued. The City may increase, but not decrease the number of business licenses below eight. Other than provided for in the specific sections of the Measure, the Measure’s provisions cannot be amended or repealed unless approved by a majority of the voters at another city wide election.

The measure provides a 6% tax on the distribution, sale or transfer of medical marijuana products, and a 1% sales tax on other tangible personal property at retail. Under current law, a 6% sales tax, if construed as such by the State Board of Equalization, may cause the BOE to terminate its contract to collect the City’s sales tax.

If competing medical marijuana measures appear on the same ballot, then in the event multiple measures pass, and this Measure receives the most affirmative votes, then the competing measure(s) shall be null and void.

This Measure was placed on the ballot by a petition signed by the requisite number of voters.