

City of Jurupa Valley

STAFF REPORT

DATE: JULY 2, 2020
TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: ROD BUTLER, CITY MANAGER
SUBJECT: AGENDA ITEM NO. 13.A

COUNCIL CONSIDERATION OF SUBMITTING A BALLOT MEASURE FOR THE VOTERS TO ADOPT NEW REGULATIONS GOVERNING COMMERCIAL CANNABIS ACTIVITIES IN THE CITY, INCLUDING THE SALE, MANUFACTURE, TESTING, DISTRIBUTION, AND CULTIVATION OF CANNABIS AND CANNABIS PRODUCTS AND TO INCREASE THE TAX ON COMMERCIAL CANNABIS ACTIVITY IN THE CITY

RECOMMENDATION

That the City Council:

1. Continue the discussion of whether to submit a ballot measure to the voters to adopt new regulations governing commercial cannabis businesses in the City and to increase the tax on commercial cannabis activity in the City.
2. Provide direction to Staff as to provisions to be included in the new regulations and tax.

BACKGROUND

On May 7, 2020, the Council began its discussion of a proposed ballot measure for the November 3, 2020 ballot that would revise the regulations governing commercial cannabis businesses in the City of Jurupa Valley and increase the City tax on commercial cannabis businesses.

State law requires that the resolution to place the ordinance on the November 3, 2020 ballot must be submitted to the Riverside County Registrar of Voters no later than 88 days prior to the November 3, 2020 election, which date is August 7, 2020. The Council will need to make its decision by the July 16, 2020 Council Meeting. Staff will place this item on each Agenda through that time in order to allow the Council time to review and revise the terms of the proposed new ordinances for the ballot.

DECISION POINTS

Staff is requesting specific direction on the issues that are more fully discussed below:

A. Zoning Regulations

The draft ballot measure provides that cannabis retailers (dispensaries) shall be conditionally permitted uses in the C-1/C-P (General Commercial) zone and the R-VC (Rubidoux-Village Commercial) zone. The measure proposes to create “commercial cannabis areas” where these retailers will be dispersed throughout the City so that they are not all concentrated in one sector of either the General Commercial or the Rubidoux-Village Commercial zones. Commercial cannabis businesses other than retailers shall be conditionally permitted uses in the following zones of the City: C-1/C-P (General Commercial); M-SC (Manufacturing-Service Commercial); B-P (Business Park); or R-VC (Rubidoux-Village Commercial).

At the June 18, 2020 City Council meeting, Police Chief Salinas of Port Hueneme discussed the creation of a “green mile” where all cannabis retailers are located as this was an approach that apparently worked well for that city. HdL representative David McPherson cautioned against a “green zone” and suggested that cannabis businesses be distributed throughout the City to disperse the secondary impacts of these businesses as well as potentially creating greater revenue sources as people would not need to travel so far to reach the retailers.

Staff is requesting direction on where cannabis businesses should be located so that it can appropriately revise the zoning regulations. The question is whether the Council would like to see the City divided into different sectors where the businesses can be located, whether they should all be located in one sector, or if the Council does not want to place any sort of limitation and allow the free market to decide where they are located.

Additionally, another question relating to zoning of retail commercial cannabis operations is whether the Council might want to consider expanding the zones in which the retail businesses may be located. Under the proposed measure, cannabis retailers would be conditionally permitted uses in the C-1/C-P (General Commercial) and R-VC (Rubidoux-Village Commercial) zones with one per designated cannabis area. The proposed measure also provides that retail cannabis businesses shall not be located within a 1,000 foot radius of a school providing instruction in kindergarten or any grades 1 through 12, day care center, youth center, church or other religious facility, or park that is in existence at the time the fully-completed application for the permit is submitted to the City. As discussed above there were comments at the last meeting that greater dispersion could enhance revenue generation from the retail cannabis businesses. This could be accomplished by either adding one or two zones to the areas of conditionally permitted uses, such as the C-O (Commercial Office) Zone, or C-P-S (Commercial Scenic Highway) Zone, or enacting an “overlay zone” to provide sufficient appropriate locations for retail cannabis businesses. The ballot measure could also provide that the Council may, at some later date, adopt an ordinance allowing retail commercial cannabis businesses in

other zones. Staff is requesting Council direction on whether it would like to expand retailers into other zones.

B. Limitation on Number of Retailers

The draft ballot measure allows for seven (7) cannabis retailers to operate in the City. Based on the City's current population, this equates to roughly one retailer for every 15,000 residents, which is the number of retailers permitted to operate in the City under Measure L. At the last Council meeting there were some comments that other cities have a higher ratio of cannabis retailers to populations. Staff is requesting direction on whether the Council wants to maintain this cap or increase the number of retailers that can operate in the City. For example, if the City wants to allow one retailer for every 10,000 residents (which is a ratio used in some other cities), this would allow 10 retailers to operate in the City. The ballot measure could also provide that the Council may at some later date, adopt an ordinance allowing additional cannabis retailers up to a certain number.

C. Deliveries--non-storefront deliveries and storefront retailers

The State has two separate license categories for retailers. A storefront retailer has a physical location (premises), including an address where commercial cannabis activities are conducted, and sells cannabis goods to customers at its premises or by delivery. A non-storefront retailer is a retailer that sells cannabis goods to customers exclusively through delivery. A non-storefront retailer has a permitted premises to store cannabis goods for delivery, but the premises is not open to the public. The draft ballot measure presently allows for both storefront retailers and non-storefront retailers to operate in the City. Staff is seeking confirmation from the Council that it would like to allow both types of retailers to operate in the City.

One questions that is repeatedly asked is the distinction between “retailers” and “distributors.” Retailers deliver cannabis and cannabis products to their customers either from a storefront or a non-storefront operation. Distributors, on the other hand, transport cannabis goods between licensees (retailers, cultivators, and manufacturers), and arrange for the testing of cannabis goods. Distributors also conduct quality assurance review of cannabis goods to ensure compliance with all packaging and labeling requirements.

D. Microbusinesses

A State microbusiness license allows a licensee to engage in the cultivation of cannabis on an area less than 10,000 square feet and to act as a licensed distributor, Level 1 manufacturer (Type 6), and retailer. In order to hold a microbusiness license, a licensee must engage in at least three (3) of the four (4) listed commercial cannabis activities. The draft ballot measure does not currently allow microbusinesses to operate in the City. Staff is requesting direction from the Council as to whether it would like the ballot measure to be revised to allow microbusinesses to operate in the City. If the Council chooses to add

microbusinesses as a type of cannabis business that can operate in the City, and the microbusiness holds a retailer license, this would count towards the retailer cap.

E. Tax rates

The tax rates contained in the draft tax measure were revised to match the tax rates recommended by the HdL representative. Mr. McPherson of HdL indicated that a 4% to 5% tax rate was a good balance between adequate revenue for the City and viable cannabis retailers. Too high of a retail tax rate forces customers to other cities with lower tax rates or to illegal dispensaries. An earlier version of the tax measure that was presented to the Council for its consideration included higher rates based on taxes that other cities in Riverside and San Bernardino Counties impose as set forth in the following chart:

Cannabis Business	Proposed Tax Rate (7-2-20)	Earlier Proposed Tax Rate (6-18-20)
Cultivation	\$10 per square foot of canopy space	\$10 per square foot of canopy space
Retailer	5% of gross receipts	10% of gross receipts
Distributor	2% of gross receipts	3% of gross receipts
Manufacturer	2.5% of gross receipts	10% of gross receipts
Testing laboratory	1% of gross receipts	2% of gross receipts
Microbusiness (if added)	2.5% of gross receipts	10% of gross receipts

Staff is requesting direction on whether the Council wants to include the Proposed Tax Rate (7-2-20) in the ballot measure or wants to use the Earlier Proposed Tax Rate (6-18-20), or impose different rates. It should be noted that the tax measure will establish the maximum tax rates that can be imposed on cannabis businesses. The tax measure, if adopted by the voters, grants the Council discretion to decrease the tax rates or to restore it to the original rate so long as the rates do not exceed the rates set forth in the measure. So the Council could elect to place a measure on the ballot with “not to exceed” rates and then, by resolution, set the rates at a lower amount.

Other Changes to the Proposed Ordinances

There were several suggestions made by Chief Salinas and Mr. McPherson at the last Council Meeting that have been incorporated into the proposed regulatory ordinance.

1. All employees as well as managers, and agents of the cannabis business must undergo background checks. Any employee, manager or agent of the cannabis business that has been convicted of a disqualifying crime shall not be permitted to work for the cannabis business. Section 11.45.150.
2. All employees involved with the sales and identification checks for the purpose of any sales of cannabis and cannabis products shall be trained in the proper procedures and identification checks. Training must be completed prior to the opening of the business

and periodic updated training when new employees/ management are hired. All new employees must be trained before they engage in any sales related activities on the premises. Training must be approved by the City Manager. Section 11.45.160.N.

3. There shall be a ratio of one employee for every customer that is purchasing cannabis or cannabis products. To ensure that this ratio is met, there shall be a lobby/waiting room where customers must wait until they are escorted by the employee to view the cannabis or cannabis products. Section 11.45.170.F.

4. Employee identification badges shall be issued by the City rather than the business. Section 11.45.160.M.

FINANCIAL IMPACT

Potential additional tax revenue from an increase in the cannabis tax. Cost of administrative Staff time in processing applications for CUP and Cannabis Business Permit would be paid by Applicants.

ALTERNATIVES

1. Take no action and retain Measure L as currently exists.
2. Request further study.
3. Provide direction to Staff as requested above.

Submitted by:



Rod B. Butler
City Manager

Reviewed by:



George A. Wentz, P.E.
Deputy City Manager

Reviewed by:



Peter M. Thorson
City Attorney

Reviewed by:



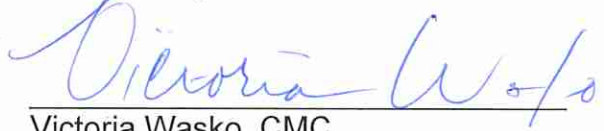
Thomas G. Merrell
Planning Director

Reviewed by:



Keith Clarke
Chief Building Official/Code
Enforcement Supervisor

Reviewed by:



Victoria Wasko, CMC
City Clerk

Attachments:

1. Summary of proposed cannabis regulatory and tax ordinances.
2. Summary of retail cannabis business tax rates
3. Summary of all commercial cannabis business tax rates
4. Proposed cannabis regulatory ordinance.
5. Proposed cannabis tax ordinance.

**SUMMARY OF POTENTIAL VOTER APPROVED ORDINANCE REGULATING
COMMERCIAL CANNABIS ACTIVING IN THE CITY AND INCREASE THE TAXES
ON SUCH ACTIVITIES**

1. Number of Commercial Cannabis Businesses to be Allowed

- A. A maximum of seven commercial cannabis retail businesses, or dispensaries, would be allowed in the City, subject to the regulations in the Ordinance (0.243.020).
- 1) The maximum number would include new dispensaries as well as lawful existing dispensaries
 - 2) Existing dispensaries with all required State permits would remain as legal non-conforming uses, subject to additional regulations
 - 3) Retail commercial cannabis businesses shall be conditionally permitted uses in the C-1/C-P (General Commercial) zone and the or R-VC (Rubidoux-Village Commercial) subject to the further limitations of this Section.
 - 4) Seven (7) “retail cannabis areas” within the C-/CP Zone or R-VC would be established with one retail business in each zone so as to prevent over-concentration in any one area, except for legal non-conforming businesses.
 - 5) If there are less than seven non-conforming uses, a lottery would be held to determine the persons who could apply for the remaining permits (Section 11.45.090).
 - 6) The City Council may by ordinance allow up to ____ total retail cannabis businesses, amend the boundaries of the Retail Cannabis Areas or add zones for retail cannabis businesses
- B. Commercial cannabis businesses other than retail commercial cannabis businesses shall be conditionally permitted uses in the following zones of the City: C-1/C-P (General Commercial); M-SC (Manufacturing-Service Commercial); B-P (Business Park); or R-VC (Rubidoux-Village Commercial). There are no maximum number of other commercial cannabis businesses, including cultivation, manufacture, distribution, and laboratory testing. They are, however, subject to separation requirements. The City Council may by ordinance add zones in which for commercial cannabis businesses would be allowed.

2. Permits Required for Commercial Cannabis Businesses (Sections 11.45.050, 11.45.060, and 11.243.020)

- A. All commercial cannabis business must obtain the following permits in order to operate within the City:
 - a) Conditional Use Permit under new Chapter 9.243;
 - b) Cannabis Regulatory Permit under Chapter 11.45;
 - c) State license for commercial cannabis business; and
 - d) Business registration certificate from the City.
- B. Cannabis Regulatory Permits would be valid for a period of one year and subject to renewal. The CUP would not have time limit but could be revoked.

3. Conditional Use Permit under new Chapter 9.243

- A. The Planning Commission would hold a public hearing on an application for a CUP for a cannabis business and make a recommendation to the Council for approval, conditional approval or denial (Section 9.243.050).
- B. City Council would hold a public hearing on the application for a CUP and approve, conditionally approve, or deny the application (Section 9.243.050).
- C. It is unlawful for any portion of the parcel on which a cannabis business is located to be within a 1,000 foot radius of a school providing instruction in kindergarten or any grades 1 through 12, day care center, youth center, church or religious facility, or park that is in existence at the time the fully completed application for the permit is submitted to the City.
- D. The application for a Conditional use Permit would require the following information (Section 9.243.040):
 - 1) An operating plan for the proposed cannabis business with the following:
 - a) How the applicant will comply with the operational standards of the Ordinance.
 - b) A general description of the types of products and/or services to be provided by the cannabis business;
 - c) A site plan including the outline of all structures, driveways, parking and landscape areas, and boundaries of the parcel.
 - d) A floor plan designating all interior dimensions of the premises, the proposed use of all spaces, identification of limited access areas, areas of ingress and egress, and all security camera locations.

- e) An evaluation of accessibility by the physically disabled to and within the building and identification of any planned accessibility improvements to comply with ADA.
 - f) A business plan describing how the cannabis business will operate in accordance with the Jurupa Valley Municipal Code, state law, and other applicable regulations, including cash handling and transportation of cannabis and cannabis products to and from the premises.
 - g) For cultivation facilities, water source information and projected energy demand and energy efficiency plan that addresses illumination, heating, cooling, and ventilation. The applicant shall also provide a letter from the Southern California Edison stating that Southern California can meet the cannabis business' energy demand.
 - h) A list of all owners, employees, independent contractors, and volunteers.
- 2) Neighborhood Context Map. An accurate straight-line drawing depicting the boundaries of the premises, the boundaries of all other properties within 1,000 feet of the premises, and the uses of those properties, specifically including designated sensitive uses
 - 3) Security plan. A detailed security plan outlining the measures that will be taken to ensure the safety of persons and property on the premises.
 - 4) Lighting Plan. A lighting plan showing existing and proposed exterior and interior lighting levels that would be the minimum necessary to provide adequate security lighting for the use.
 - 5) Parking Plan and Parking Study.
 - a) For retail commercial cannabis businesses, a parking study prepared by a qualified parking consultant, approved by the Planning Director, to determine parking demand for the use and available spaces for parking on site. The vehicle-parking standard for retail commercial cannabis businesses shall be one (1) space per two hundred (200) square feet of gross floor area of the proposed building or such additional spaces on-site as the City Council determines is necessary to meet the parking demand as described in the parking study, whichever number of spaces is greater.
 - b) For all other commercial cannabis businesses, the on-site parking shall be that required by the underlying zoning for the proposed site.

- 6) The name, phone number, and email address of an on-site community relations representative or staff member or other representative to whom the City can provide notice if there are operating problems associated with the cannabis business or refer members of the public who may have complaints or concerns regarding the cannabis business. This information shall be available to neighboring businesses and residences located within one hundred feet of the cannabis business, as measured in a straight line without regard to intervening structures.
 - 7) Community Relations Plan
- E. The Planning Commission in its recommendation and the Council in its decision shall make the following findings (Section 9.243.050):
- 1) The proposed use is consistent with the General Plan.
 - 2) The proposed use would not impair the integrity and character of the land use district in which it is to be located.
 - 3) The subject site is physically suitable for the type and intensity of land use being proposed.
 - 4) There are adequate provisions for water, sanitation, and public utilities and services to ensure that the proposed use would not be detrimental to public health and safety.
 - 5) There will not be significant harmful effects upon environmental quality, natural resources or neighborhood characteristics.
 - 6) The proposed use will not be detrimental to the health, safety, or general welfare of the community.
- F. Conditions of approval for a Conditional Use Permit would include requirements that the Applicant (Section 9.243.070):
- 1) Indemnify and hold the City harmless from any and all claims, damages, legal or enforcement actions, including, but not limited to, any actions or claims associated with violation of federal law associated with the operation of the cannabis business as provided in this chapter.
 - 2) Maintain insurance in the amounts and of the types that are acceptable to the City pursuant to a resolution of the City Council.
 - 3) Name the City as an additionally insured on all City required insurance policies.

- 4) Indemnify and hold the City harmless from any action against the City, its agents, officers, and employees related to the approval or conditional approval of a permit or the operation of the cannabis business.

4. Cannabis Regulatory Permit

A. Time periods for Cannabis Regulatory Permit (Section 11.45.060)

- 1) A Cannabis Regulatory Permit is valid for a term of one year from the date of issuance.
- 2) Renewal terms shall not exceed one year.
- 3) A Cannabis Regulatory Permit will be rendered void should a person fail to obtain a State License within six months following issuance of the permit. The six-month period shall be extended by the City Manager by a reasonable amount of time to reflect delays due to State backlog if the applicant has filed for a State license or licenses.

B. The application for a Cannabis Regulatory Permit shall include the following (11.45.070):

- 1) The type of cannabis business the Applicant seeks to operate in the City, a description of the commercial cannabis activity that will be conducted on the premises. A cannabis retailer shall designate whether it will be selling medicinal or adult-use cannabis, or both.
- 2) A description of the statutory entity or business form that will serve as the legal structure for the cannabis business and a copy of its formation document.
- 3) A list of every fictitious business name the cannabis business is operating under.
- 4) The legal name of the Applicant.
- 5) If applicable, the business trade name (“DBA”) of the cannabis business.
- 6) A list of the State licenses issued by any licensing authority to the Applicant, or any other owner of the cannabis business.
- 7) Whether the applicant, or any owners of the cannabis business, have been denied a State license or have had a State license suspended or revoked by any licensing authority.
- 8) The cannabis business’ employer identification number.

- 9) The physical address of any other premises owned or operated by the applicant, or any other owner of the cannabis business, and a brief summary of the business operations at each premises.
- 10) A complete list of every owner of, or person with a financial interest in, the cannabis business and their ownership interests.
- 11) If applicable, a detailed description of any suspension or revocation of a cannabis related license or sanctions for unlicensed or unlawful cannabis activity by a state or local governmental agency against the applicant, or any of its owners or persons with a financial interest in the cannabis business.
- 12) Information and authorization required by the Sheriff to conduct a background investigation on all employees, owners, and persons with a financial interest in the cannabis business.
- 13) The proposed hours of operation.
- 14) If the applicant is a retailer, the applicant must also identify the cannabis-zoning district where the applicant intends to locate the business. The applicant will be limited to participating in a lottery for the specific cannabis-zoning district identified in the application.

C. Locational Criteria (Section 11.45.130)

- 1) Cannabis businesses may only be located in the zoning districts set forth in Chapter 9.240. Only one retailer may be located within each Retail Cannabis Area, except for legal non-conforming uses.
- 2) It is unlawful for any portion of the parcel on which a cannabis business is located to be within a 1,000 foot radius of a school providing instruction in kindergarten or any grades 1 through 12, day care center, youth center, church or religious facility, or park that is in existence at the time the fully completed application for the permit is submitted to the City.
- 3) A permit may be renewed for a cannabis business located on a premises that is within a 1,000 foot radius of a school providing instruction in kindergarten or any grades 1 through 12, day care center, youth center, park, or church or religious facility if:
 - a) The school, day care center, youth center, park, or church is located to the area after the permit was first issued;
 - b) The permit has not lapsed for any period of time; and
 - c) The cannabis business was in continuous operation.

- D. All commercial cannabis businesses--Operational requirements and conditions of approval (Section 9.45.150):
- 1) All cannabis businesses must comply with all State laws and any regulations adopted by any licensing authority.
 - 2) It is unlawful for smoking, vaporization, ingestion or consumption of cannabis in any form, or alcohol, to occur on the premises of the cannabis business, elsewhere on the same parcel, or in outdoor areas adjacent to the parcel (e.g., parking lots, walkways, sidewalks, streets, parks, etc.).
 - 3) It is unlawful for cannabis or cannabis products or graphics depicting cannabis or cannabis products to be publicly visible from the exterior of the premises.
 - 4) All cannabis businesses shall be conducted only in the interior of enclosed structures, facilities and buildings and all operations including the storage or cannabis or cannabis products, or the cultivation of cannabis plants at any stage of growth shall not be visible from the exterior of any structure, facility, or building. There shall be no outdoor storage of any kind associated with the cannabis business.
 - 5) It is unlawful for any person to employ any other person at a cannabis business unless: (i) the person is at least twenty-one (21) years of age; and (ii) the person has passed a background check and, as established by the City Manager, an employee registration process.
 - 6) Other than retailers selling medicinal cannabis, it is unlawful for any person under the age of twenty-one (21) to be present at the cannabis business site. A sign must be posted at each entrance to the cannabis business informing visitors of this restriction.
 - 7) Each entrance to a cannabis business must be posted with a conspicuous notice stating that smoking, vaping, ingesting, or otherwise consuming cannabis on the premises or in the areas adjacent to the cannabis business is prohibited and that driving while under the influence of cannabis is illegal.
 - 8) Odor control devices and techniques must be incorporated as needed in a cannabis business to ensure that odors from cannabis are not detectable outside of the cannabis business or in any tenant space or area adjacent to the cannabis business.
 - 9) All law enforcement and code enforcement personnel seeking admission to the cannabis business for the purpose of ascertaining compliance with the standards and regulations of this code must be given unrestricted access to all areas of the premises at all times during hours of operation.

- 10) The cannabis business must provide the police chief, with the name and telephone number of an on-site employee or owner to whom emergency notice can be provided.
- 11) A permittee shall not sublet the premises.
- 12) All agents, officers, or other persons acting for or employed by a cannabis business shall display a laminated or plastic-coated identification badge issued by the City at all times while engaging in commercial cannabis activity.
- 13) A manager shall be on the site at all times that any other person, except a security guard, is on the site.
- 14) All cannabis business must comply with the following security related requirements:
 - a) All interior spaces of the cannabis business which are open and accessible to the public, and all entrances and exits to and from the premises, must be monitored by twenty-four (24) hour video security surveillance of at least HD quality with night vision capability.
 - b) For cultivation facilities, manufacturing facilities, testing laboratories, and distribution facilities, the premises shall have an area designed for the secure transfer of cannabis and cannabis products off the premises.
 - c) For retailers, the premises shall have an area designed for the secure receipt of cannabis and cannabis products, as well as the delivery of cannabis and cannabis products.
 - d) All points of ingress and egress to a premises shall ensure the use of commercial-grade, nonresidential door locks or window locks.
 - e) A cannabis business must have a professionally installed, maintained, and monitored alarm system as approved through the operations plan.
 - f) A permittee that is engaged in cultivation or manufacture shall hire or contract for 24-hour security personnel to provide security services for the premises.
- 15) All cannabis businesses shall comply with the track and trace system established by the State of California and as further described in Sections 5048 through 5052, inclusive, of Title 16 of the California Code of Regulations, as the same may be amended from time to time.

- 16) Business signage shall be limited to the name of the cannabis business only, shall be in compliance with the City's sign code, and shall contain no advertising of any companies, brands, products, goods, or services.
- 17) A sign shall be posted in a conspicuous place near each point of public access which shall be not less than twelve (12) inches wide and twelve (12) inches long, composed of letters not less than one inch in height, stating "All Activities Monitored by Video Camera."

E. Retail cannabis businesses--Additional operational requirements and conditions of approval (Section 9.45.160).

- 1) Except as otherwise provided, a retailer can only be open for access to the public between the hours of 9:00 a.m. and 9:00 p.m.
- 2) It is unlawful for alcohol or tobacco or vaping products to be sold within the facility.
- 3) All cannabis and cannabis products allowed to be sold or otherwise made available at a retailer must be cultivated, manufactured, distributed and transported by licensed facilities.
- 4) It is unlawful for a physician to be located in, or on the same parcel as, a retailer at any time for the purpose of evaluating patients to issue a medical cannabis prescription or recommendation.
- 5) Before selling medicinal cannabis or medicinal cannabis products to any person, the retailer must verify that the person possesses proof of identity, proving their identity as the patient specified in the recommendation or as the primary caregiver.
- 6) An employee shall only serve one customer at a time.
- 7) It is unlawful for any person under the age of twenty-one (21) to be allowed into any area of a retailer where adult-use cannabis and cannabis products are being offered for sale.
- 8) It is unlawful for any person under the age of eighteen (18) to be allowed into any area of a retailer where medicinal cannabis or medicinal cannabis products are displayed and/or being offered for sale unless that person is (1) a qualified patient or has a valid identification card, or (2) is named as a designated primary caregiver on a valid identification card, together with proof of identity. A sign must be posted at each entrance to a sales/display area of the facility informing patrons of these restrictions.

- 9) Entrances into any area of a retailer where cannabis products are displayed and/or being offered for sale must be locked at all times with entry strictly controlled. A "buzz-in" electronic/mechanical entry system must be utilized to limit access to such areas and to separate them from the outside and/or any adjacent reception/lobby area.
 - 10) Uniformed security personnel must be employed to monitor all entrances and exits of the retailer and to serve as a visual deterrent to unlawful activities during all hours of operation.
 - 11) All restroom facilities serving a retailer must remain locked and under the control of management.
 - 12) It is unlawful for any person within a retailer to provide cannabis or cannabis products to any individual in a quantity not consistent with personal use.
 - 13) Special training for all employees.
 - 14) A retailer cannot store more than two hundred dollars (\$200.00) in cash reserves overnight on the premises except as may be otherwise provided in the operations plan incorporated as a condition of approval in the permit.
 - 15) The retailer shall comply with the California Retail Food Code (Health and Safety Code Section 113700 et seq.).
- F. Cultivation cannabis businesses--Operational requirements and conditions of approval are described in Section 9.45.170.
- G. Manufacturing cannabis facilities--Operational requirements and conditions of approval are described in Section 9.45.180.
- H. Cannabis testing laboratories--Operational requirements and conditions of approval are described in Section 9.45.190.
- I. Cannabis distribution facilities--Operational requirements and conditions of approval are described in Section 9.45.200.

5. Revisions to the Cannabis Business Tax (Chapter 3.86)

- A. The new rate of the cannabis business tax shall be as follows (Section 3.86.060):
- 1) For every person who is engaged in cannabis cultivation in the city: \$10 per square foot of the space used as a cannabis cultivation area.
 - 2) For every person who engages in the operation of a testing laboratory: one percent (1%) of gross receipts.

- 3) For every person who engages in the retail sales of cannabis as a retailer: five percent (5%) of gross receipts.
 - 4) For every person who engages in a cannabis distribution business: two percent (2%) of gross receipts.
 - 5) For every person who engages in a cannabis manufacturing, processing, or microbusiness (non-retail), or any other type of cannabis business not listed in this section: two and one half percent (2.5%) of gross receipts.
- B. The cannabis business tax is a general tax enacted solely for unrestricted general revenue purposes, and not for specific purposes. All of the proceeds from the tax imposed by this chapter shall be placed in the city's general fund and be available for any legal municipal purpose (Section 3.86.030).

6. State Taxes

A. Excise Tax

- 1) The State imposes a 15-percent excise tax upon retail purchasers of cannabis or cannabis products.
- 2) The 15-percent excise tax is calculated based on the average market price of the cannabis or cannabis products sold in a retail sale. The average market price is determined by the type of transaction (either “arm's length” - subject to an 80% mark-up - or “nonarm's length”) that occurred when the seller sold the cannabis or cannabis product to the retailer.

B. Sales and Use Tax

- 1) In California, all retail sales of tangible personal property are taxable unless the law provides a specific exemption.
- 2) Cannabis and cannabis products are generally considered tangible personal property and without a specific exemption, so sales of such property are subject to sales and use tax.
- 3) Sales tax due on taxable cannabis sales at retail is computed on the selling price of cannabis, plus the cannabis excise tax.
- 4) Sales and use taxes do not apply to the retail sale of medicinal cannabis, medicinal cannabis concentrate, edible medicinal cannabis products, or topical cannabis.
- 5) The statewide sales and use tax rate is 7.25%.

C. Cultivation Tax

- 1) The State imposes a cultivation tax on all harvested cannabis that enters the commercial market.
- 2) The tax is based on the weight and category of the cannabis and the California Department of Tax and Fee Administration (“CDTFA”) annually adjusts the cultivation tax rates based on inflation.
- 3) There are currently three categories of cannabis subject to this tax, listed here with their current tax rate:
 - a) cannabis flowers (\$9.65 per dry-weight ounce),
 - b) cannabis leaves (\$2.87 per dry-weight ounce), and
 - c) fresh cannabis plant (\$1.35 per ounce). 18 Cal. Code of Regulations § 3700(c). Rates available at:
<https://www.cdtfa.ca.gov/taxes-and-fees/tax-rates-stfd.htm>.
- 4) Cultivators pay this tax to manufacturers or distributors when their harvested cannabis “enters the commercial market.”
- 5) Where manufacturers are involved, manufacturers collect the cannabis cultivation tax from cultivators from which they receive unprocessed cannabis and provide the cultivator with a receipt. Manufacturers then pay the cultivation tax collected from cultivators to a distributor. Distributors collect the cannabis cultivation tax from cultivators and manufacturers from which they receive cannabis and/or cannabis products. Distributors provide an invoice or receipt to the businesses from which they collect the cultivation tax and distributors file cannabis tax returns and pay the amounts due to the CDTFA.

**SUMMARY OF COMMERCIAL CANNABIS RETAIL BUSINESS TAX RATES
CITIES IN RIVERSIDE AND SAN BERNARDINO COUNTIES**

(As of May 1, 2020)

- | | | |
|-----|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Adalanto | Up to 5% of gross receipts; currently set at 3% of gross revenues |
| 2. | Banning | 10% of gross receipts |
| 3. | Blythe | Maximum of 2% of gross receipts plus \$5,000 business license |
| 4. | Cathedral City | 10% of gross receipts |
| 5. | Coachella | Up to 6% of gross receipts |
| 6. | Colton | Up to 10% gross receipts |
| 7. | Desert Hot Springs | 10% of gross receipts |
| 8. | Hesperia | 1% to 6% of gross revenues; currently set at 4% of gross revenues |
| 9. | Jurupa Valley | Up to \$25 per square foot, subject to adjustment down by Council |
| 10. | Moreno Valley | Up to 8% of gross receipts; currently set at 5% of gross receipts |
| 11. | Needles | Up to 10% of gross receipts |
| 12. | Palm Desert | Up to 15% of gross receipts; currently set at 10% of gross receipts |
| 13. | Palm Springs | Up to 15% of gross receipts; currently set at 10% of gross receipts |
| 14. | Perris | 10% of gross receipts commercial cannabis sales, less sales taxes
Up to 10% of gross receipts on medical cannabis |
| 15. | San Bernardino City | Up to 6% of gross receipts; currently set at 4% of gross receipts |
| 16. | San Jacinto | Up to 15% of gross receipts; currently set at 15% |
| 17. | Riverside County | Baseline Public Benefit Fee, increases by 2% per year:
Small (2,500 square feet or less) \$16 per square foot
Medium (2,500-6,000 square feet) \$18 per square foot
Large (6,000 or more square feet) \$20 per square feet |

Survey: Commercial Cannabis Activity Tax Rates Cities in Riverside and San Bernardino County
(As of May 1, 2020)

City	Tax Rate Summary (if applicable)
Adelanto	MC Chapter 3.60 (Cannabis Excise Tax), Monthly Tax Rate [MC Sec. 3.60.030 - Imposition of Tax]: - Cultivation: \$0.415 per sq. foot [Council can adjust up to \$5 per sq. foot] - Retail: 3% of gross receipts [Council can adjust up to 5% of gross receipts] - Special events: 3% of gross receipts [Council can adjust up to 5% of gross receipts] - Manufacturing: 1% of gross receipts [Council can adjust up to 5% of gross receipts] - Testing: 1% of gross receipts [Council can adjust up to 5% of gross receipts] - Distribution: 1% of gross receipts [Council can adjust up to 5% of gross receipts]
Banning	MC Chapters 3.15 (Cannabis Retailer Tax) & 3.17 (Cannabis Commercial Cultivation, Manufacturing, and Laboratory Testing Facilities Tax): - Cultivation facility: \$15 per sq. foot of canopy space [Council can adjust up to \$25 per sq. foot of canopy space] - Manufacturing facility: 10% of gross receipts - Testing laboratory: 10% of gross receipts - Retailer: 10% of gross receipts
Blythe	MC Sec. 3.36.020 (Tax on Commercial Cannabis Activity): - Cultivation: Annual maximum tax of \$3 per sq. foot of space used as cultivation area - All commercial cannabis activity except cultivation: Monthly maximum tax of 2% of gross receipts - Annual business license fee: \$5,000 [applicable to every person engaged in commercial cannabis activity]
Cathedral City	Resolution No. 2017-13; Resolution 2018-46; Resolution No. 2019-02; & Cathedral City: Cannabis & Marijuana Tax: - Gross receipts: 10% of gross receipts received by a dispensary or by any other cannabis business for activities other than cultivation or manufacturing - Cultivation: \$15 per sq. foot of cannabis cultivation space

City	Tax Rate Summary (if applicable)
	<p>-Cannabis-infused product: 40 cents of each product other than cannabis concentrate produced or manufactured and packaged or intended for individual sale</p> <p>-Cannabis concentrate: For each gram of cannabis concentrate produced or manufactured, packaged, or intended for individual sale:</p> <ul style="list-style-type: none"> • Crude: 5 cents per gram • Distillate: 10 cents per gram • Exotic/Boutique: 40 cents per gram
Coachella	<p>The City established the following taxes:</p> <p>-Cannabis cultivation excise tax: \$15/sq. foot for the first 20,000 sq. feet, and \$7.50/sq. foot for the remainder of the grow canopy area for the facility</p> <p>-Wholesale gross receipts: taxed annually at 4% for cultivation, and 2% for manufacturing and processing</p> <p>Note: MC Sec. 4.31.010 (Imposition of Tax) establishes the maximum amounts for these taxes.</p> <p>-Cultivation: Max. of \$15 per sq. foot</p> <p>-Gross receipts: Max. of 6%</p>
Colton	<p>MC Sec. 3.26.030 (Imposition of Tax):</p> <p>-Max. of 10% of gross receipts generated by a cannabis business at wholesale or retail [subject to adjustment by Council]</p> <p>-Up to \$25 per sq. foot of space used in connection with cannabis cultivation/processing [subject to adjustment by Council]</p>
Desert Hot Springs	<p>MC Chapters 3.33 & 3.37 (Cannabis Sales Ordinances):</p> <p>-Cannabis Cultivation: biannual tax of \$25.50 per sq. foot for the first 3,000 sq. feet of cultivation, and \$10.20 per sq. foot for the remaining space used for cultivation</p> <p>-Sales tax: monthly 10% tax on the proceeds from the sale/provisions of cannabis</p>
Hesperia	<p>MC Sec. 3.18.020 (Tax):</p> <p>-Commercial Cannabis Tax: 1% to 6% of the revenues of the commercial cannabis operation (not including cultivation)</p> <ul style="list-style-type: none"> • Tax rate is currently set at 4% (Reso No. 2018-71) <p>-Commercial Cannabis Cultivation Tax: Up to \$15 per sq. foot per fiscal year for space used as cultivation area (taxes will be adjusted annually by increases in the CPI)</p>
Jurupa Valley	<p>MC Sec. 3.86.010 (Imposition of Tax):</p>

City	Tax Rate Summary (if applicable)
	-Up to \$3 per sq. foot of space used in connection with commercial cannabis activity (subject to adjustment by Council) -Up to \$25 per sq. foot of space used in connection with retail cannabis sales (subject to adjustment by Council)
Moreno Valley	Council Agenda & Council Summary of Actions Resolution No. 2019-56: - Initial rate: 5% of gross revenues - Testing facilities: 1% of gross revenues - Cultivation: \$7 per sq. foot Maximum tax rates: MC Sec. 3.28.030 (Tax Imposed): - Gross receipts: Tax not to exceed 8% of gross receipts - Cultivation: Tax not to exceed \$15 per sq. foot of canopy cultivated
Needles	[note: online MC under construction] - Tax on marijuana businesses: Up to 10% of gross receipts
Palm Desert	Resolution No. 2018-89: - Cultivation: \$13 per sq. foot of space used in connection with cannabis cultivation businesses - Manufacturing businesses: 2% of gross receipts - Retail businesses: 10% of gross receipts Maximum rates: MC Sec. 3.50.030 (Imposition of Tax): - Cultivation: maximum of \$20 per sq. foot of space [subject to adjustment by Council] - Manufacturing businesses: maximum of 3% of gross receipts [subject to adjustment by Council] - Retail businesses: maximum of 15% of gross receipts [subject to adjustment by Council]
Palm Springs	MC Chapter 3.42 (Cannabis): - Gross receipts: Not to exceed 15% of gross receipts [MC Sec. 3.42.030 - Council may adjust tax rate] • Tax rates imposed: <ul style="list-style-type: none"> ○ Retail sales: 10% ○ Manufacturing: 2% ○ Distribution: 0% ○ Testing: 0% - Cultivation: Not to exceed \$10 per sq. foot [MC Sec. 3.42.040 - Council may adjust tax rate]

City	Tax Rate Summary (if applicable)
Perris	<p>Council Agenda</p> <p>-Distribution: 10% of proceeds</p> <p>-Commercial manufacturing operations: 10% of proceeds</p> <p>[note: there is a deduction that permits marijuana dispensaries and distribution and manufacturing operations to deduct the amount of sales and use taxes and excise taxes collected from consumers and remitted to the State from their reported proceeds for the purpose of calculating their taxes owed to the City]</p> <p>Maximum tax rates:</p> <p>MC Sec. 3.40.020 (Tax):</p> <p>-Medical marijuana dispensary tax: Maximum tax of 10% of proceeds [rate to be set by resolution of Council]</p> <p>-Medical marijuana cultivation tax: Maximum tax of \$25 per sq. foot for space used as cultivation area (adjusted annually on July 1 based on CPI)</p> <p>-Marijuana distribution and commercial manufacturing operations tax: Maximum marijuana tax of 10% of proceeds [rate to be set by resolution of Council]</p>
San Bernardino (City)	<p>MC Sec. 5.18.050:</p> <p><u>Current rates</u></p> <p>-Cultivation:</p> <ul style="list-style-type: none"> • \$7 annually per sq. foot of canopy space in a facility that uses exclusively artificial lighting • \$4 annually per sq. foot of canopy space in a facility that uses a combination of natural and supplemental artificial lighting • \$2 annually per sq. foot of canopy space in a facility that uses no artificial lighting • \$1 annually per sq. foot of canopy space for any nursery <p>-Testing lab: 1% of gross receipts</p> <p>-Retail sales: 4% of gross receipts</p> <p>-Distribution business: 2% of gross receipts</p> <p>-Manufacturing, processing, or microbusiness (non-retail), or any other type of business not described previously: 2.5% of gross receipts (except cultivation for a microbusiness shall be taxed at \$7 annually per sq. foot of canopy space)</p> <p>[Council may adjust the rates as long as the rates do not exceed the maximum rates]</p> <p><u>Maximum rates</u></p>

City	Tax Rate Summary (if applicable)
	<p>-Cultivation (adjusted based on changes in CPI starting in 2022):</p> <ul style="list-style-type: none"> • \$10 annually per sq. foot of canopy space in a facility that uses exclusively artificial lighting • \$7 annually per sq. foot of canopy space in a facility that uses a combination of natural and supplemental artificial lighting • \$4 annually per sq. foot of canopy space in a facility that uses no artificial lighting • \$2 annually per sq. foot of canopy space for any nursery <p>-Testing lab: 2.5% of gross receipts</p> <p>-Retail sales: 6% of gross receipts</p> <p>-Distribution business: 3% of gross receipts</p> <p>-Manufacturing, processing, or microbusiness (non-retail), or any other type of business not described previously: 4% of gross receipts (except cultivation for microbusiness)</p>
San Jacinto	<p>Cannabis Tax Rates</p> <p>-Dispensary: 15% of gross receipts on any retail sale of cannabis or cannabis products</p> <p>-Outdoor cultivation: \$5 per sq. foot of cannabis related activity licenses under a state license as certified by a Certified Civil or Professional Engineer</p> <p>-Indoor (cultivation, distribution, manufacturing, and testing labs): \$10 per sq. foot of gross building footprint used for any cannabis related activity (including ancillary office and other administrative areas) and excluding retail sales</p> <p>-Microbusinesses: 15% of gross receipts on any retail sale of cannabis or cannabis products plus \$10 per sq. foot of gross building footprint used for any cannabis related activity (including ancillary office and other administrative areas) excluding retail sales</p> <p><u>Maximum tax rates</u></p> <p>MC Sec. 3.32.010 (Imposition of Tax - Generally):</p> <p>-Sales of cannabis or cannabis products: up to a maximum of 15% of gross receipts [general tax rates subject to adjustment by Council]</p> <p>-Cultivation: up to a maximum of \$35 per sq. foot for space used in connection with any non-retail cannabis related activity [general tax rates subject to adjustment by Council]</p>
Unincorporated areas (Riverside County)	<p>Board of Supervisors Policy</p> <p>Baseline public benefit fee (\$ per sq. foot - subject to annual increases by two percent):</p> <p>-Cultivation</p> <ul style="list-style-type: none"> • Mixed-light, 2,500 sq. feet or less: \$2

City	Tax Rate Summary (if applicable)
	<ul style="list-style-type: none"> • Mixed-light, 2,500+ to 5,000 sq. feet: \$2.50 • Mixed-light, 5,000+ to 10,000 sq. feet: \$3 • Mixed-light, 10,000+ to 43,560 sq. feet: \$3.50 • Indoor: 2,500 sq. feet or less: \$4 • Indoor, 2,500+ to 5,000 sq. feet: \$4.50 • Indoor: 5,000+ to 10,000 sq. feet: \$5 • Indoor: 10,000+ to 43,560 sq. feet: \$5.50 <p>-Retail</p> <ul style="list-style-type: none"> • Small (2,500 sq. feet or less): \$16 • Medium (2,500+ to 6,000 sq. feet): \$18 • Large (6,000+ sq. feet): \$20 <p>-Manufacturing (6, 7)</p> <ul style="list-style-type: none"> • Small (3,000 sq. feet or less): \$4 • Large (3,000+ sq. feet): \$4.50 <p>-Manufacturing (N, S, P)</p> <ul style="list-style-type: none"> • Small (3,000 sq. feet or less): \$3 • Large (3,000+ sq. feet): \$3.50 <p>-Others</p> <ul style="list-style-type: none"> • Nursery: \$0.50 • Distribution (all sizes): \$3 • Testing: \$2

AN ORDINANCE OF THE PEOPLE OF THE CITY OF JURUPA VALLEY, CALIFORNIA REPEALING CHAPTER 11.45 OF THE JURUPA VALLEY MUNICIPAL CODE PERTAINING TO EXEMPTED CANNABIS ACTIVITIES, AND REPLACING IT WITH A NEW CHAPTER 11.45 REGARDING PERMITTED COMMERCIAL CANNABIS ACTIVITIES ADDING A NEW CHAPTER 9.243 PERTAINING TO CONDITIONAL USE PERMITS FOR CANNABIS BUSINESSES, AND MAKING RELATED AMENDMENTS TO CHAPTERS 9.35 AND 11.28

THE PEOPLE OF THE CITY OF JURUPA VALLEY DO HEREBY ORDAIN AS FOLLOWS:

SECTION 1. Recitals.

A. On October 9, 2015, Governor Brown signed Assembly Bill 243, Assembly Bill No. 266, and Senate Bill 643 into law, which collectively were known as the Medical Cannabis Regulation and Safety Act (hereinafter “MCRSA”). The MCRSA established a State regulatory and licensing scheme for commercial medical cannabis businesses.

B. On November 8, 2016, California voters approved the Control, Regulate and Tax Adult Use of Marijuana Act (“AUMA”). The AUMA made it lawful under State and local law for persons 21 years of age or older to possess and cultivate limited quantities of cannabis for personal use. The AUMA also established a State regulatory and licensing scheme for commercial adult-use cannabis businesses.

C. On June 27, 2017, the Governor signed into law Senate Bill 94 which repealed the MCRSA, included certain provisions of the MCRSA in the licensing provisions of the AUMA, and created a single regulatory scheme for both medicinal and adult-use cannabis known as the Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”). The MAUCRSA retains the provisions in the MCRSA and the AUMA that granted local jurisdictions control over whether cannabis businesses could operate in a particular jurisdiction. Specifically, California Business and Professions Code section 26200 provides that the MAUCRSA shall not be interpreted to supersede or limit authority of a local jurisdiction to adopt and enforce local ordinances to regulate businesses licensed under the MAUCRSA including, but not limited to, local zoning and land use requirements, business license requirements, and requirements related to reducing exposure to secondhand smoke, or to completely prohibit the establishment or operation of one or more businesses licensed by the State, within that local jurisdiction.

D. In June 2018, Measure B was approved by the voters of Jurupa Valley prohibiting all commercial cannabis activity including cultivation, possession, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery, and sales of cannabis and cannabis goods in the City.

E. In November 2018, Measure L was approved by the voters of Jurupa Valley, which created an exemption from enforcement to allow commercial cannabis activity in the following areas of the City: (1) retail cannabis businesses would only be allowed in the General Commercial (C-1/C-P) and Rubidoux Village Commercial (R-VC) zones, and (2) other commercial cannabis businesses would be allowed in the General Commercial (C-1/C-P), Rubidoux Village Commercial (R-VC), Manufacturing-Service Commercial (MS-C), and Business Park (B-P) zones.

F. Measure L placed a limit on the number of retailers that could operate in the City at any one time by only allowing one retailer for every 15,000 residents. Based on the City's current population, a total of seven retailers are allowed to operate in the City. In addition, Measure L provided that only three retailers could be located within 1,000 feet radius of one another.

G. Measure L provided preferential treatment to allow certain cannabis businesses to obtain exempted commercial cannabis activity status. A number of retailers that have obtained exempted commercial cannabis activity status have been unable to obtain a State license to operate in the City. As of [insert date of City Council meeting where this measure will be placed on the ballot], only ____ retailers of the ____ that obtained exempted commercial cannabis activity status had procured a State license to conduct commercial cannabis activity in the City.

H. To more equitably determine which cannabis businesses can lawfully operate in the City, as well as to regulate the cannabis businesses that do operate in the City, the voters are seeking to repeal Measure L and adopt a new cannabis regulatory scheme to allow commercial cannabis businesses to operate in the City. Those cannabis businesses that have obtained exempted commercial cannabis activity status and a State license on the date that this measure is approved by the voters will be grandfathered in and may continue to operate in compliance with State and applicable local laws.

SECTION 2. A new Chapter 9.243 is hereby added to Title 9 (Planning and Zoning) of the Jurupa Valley Municipal Code to read as follows:

Chapter 9.243 Conditional Use Permits for Cannabis Businesses

- 9.243.010 Definitions.
- 9.243.020 Location of commercial cannabis businesses; Limitations on number of retailers; Grandfathering of exempted commercial cannabis activity.
- 9.243.030 Conditional use permit required.
- 9.243.040 Application fees and terms.
- 9.243.050 Application requirements.
- 9.243.060 Findings and public hearing.
- 9.243.070 Conditions of approval.
- 9.243.080 Incorporation of general conditional use permit requirements.

9.243.010 Definitions.

For the purpose of this Chapter, the following words and phrases shall be defined as follows:

A. “Applicant” means an owner applying for a conditional use permit pursuant to this Chapter.

B. “Cannabis” means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. “Cannabis” also means the separated resin, whether crude or purified, obtained from cannabis. “Cannabis” does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this Chapter, “cannabis” does not mean “industrial hemp” as defined by Section 11018.5 of the Health and Safety Code.

C. “Cannabis business” means a retailer, cultivation facility, distribution facility, manufacturing facility, or a testing laboratory facility engaged in commercial cannabis activity.

D. “Cannabis goods” means cannabis, including dried flower, and cannabis products.

E. “Cannabis products” means cannabis that has undergone a process whereby the plant material has been transferred into a concentrate including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis or other ingredient.

F. “City” means the City of Jurupa Valley.

G. “City Manager” means the City Manager or his/her designee.

H. “Commercial cannabis activity” includes the cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery or sale of cannabis and cannabis products, or engaging in any other cannabis activity that requires a state license issued by a licensing authority.

I. “Cultivation facility” means a location where cannabis is planted, grown, harvested, dried, cured, graded, or trimmed, or a location where any combination of those activities occurs.

J. “Distribution” means the procurement, sale and transport of cannabis and cannabis products between licensees.

K. “Distribution facility” means a business that transports cannabis goods between licensees, arranges for testing of cannabis goods, and conducts quality assurance review of cannabis goods to ensure compliance with all packaging and labeling requirements.

L. “Indoors” means within a fully enclosed and secure structure.

M. “Licensing authority” means the Bureau of Cannabis Control Bureau of Cannabis Control within the California Department of Consumer Affairs; CalCannabis Cultivation Licensing, a division of the California Department of Food and Agriculture (CDFA); the California Department of Public Health's Manufactured Cannabis Safety Branch; or any other state cannabis licensing authority.

N. “Manufacturing facility” means a business that engages in all aspects of the extraction and/or infusion process, including processing, preparing, holding, storing, packaging, or labeling of cannabis products. Manufacturing also includes any processing, preparing, holding, or storing of components and ingredients.

O. “Owner” means any of the following:

1. A person with an aggregate ownership interest of 20 percent or more in the person applying for a permit or a permittee, unless the interest is solely a security, lien, or encumbrance.

2. The chief executive officer of a nonprofit or other entity.

3. A member of the board of directors of a nonprofit.

4. An individual who will be participating in the direction, control, or management of the person applying for a permit.

P. “Operations plan” means an operating plan approved by the Police Chief, that implements the standard requirements of this Chapter along with such additional, reasonable, criteria needed to protect public health and safety as determined by the Police Chief, based upon the size and location of the proposed cannabis business.

Q. “Permit” means a conditional use permit issued under this Chapter.

R. “Permittee” means any person holding a permit under this Chapter.

S. “Person” includes any individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, non-profit, or any other group or combination acting as a unit, and the plural as well as the singular.

T. “Police Chief” means the Riverside County Sheriff’s Lieutenant or other law enforcement designee who is designate as the Chief of Police for Jurupa Valley.

U. “Premises” means the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or permittee where the commercial cannabis activity will be or is conducted.

V. “Retailer” means a cannabis business that engages in the retail sale and delivery of cannabis and cannabis products to customers.

W. “State license” means a license issued by a State licensing authority for cannabis businesses. For cannabis retailers, distributors, microbusinesses and testing laboratories, the State license shall be issued by the Bureau of Cannabis Control. For commercial cannabis cultivation facilities, the State license shall be issued by the California Department of Food and Agriculture. For cannabis manufacturers, the State license shall be issued by the California Department of Public Health.

X. “Testing laboratory” means a laboratory, facility, or entity in the city that offers or performs tests of cannabis or cannabis products and that is both of the following:

1. Accredited by an accrediting body that is independent from all other persons involved in commercial cannabis activity in the state.
2. Licensed by the Bureau of Cannabis Control.

9.243.020 Location of commercial cannabis businesses; Limitations on number of retailers; Grandfathering of exempted commercial cannabis activity.

A. Location and Limitation on Number of Retail Cannabis Businesses. In order to avoid excessive concentration, there shall be a maximum of seven (7) retail cannabis businesses operating in the City whether approved pursuant to the provisions of this Chapter or operating as legal non-conforming uses. Retail commercial cannabis businesses shall be conditionally permitted uses in the C-1/C-P (General Commercial) zone and the R-VC (Rubidoux-Village Commercial) zone subject to the further limitations of this Section. In order to adequately separate retail commercial cannabis businesses and to prevent excessive concentration, seven (7) “retail cannabis areas” within the C-/CP Zone or R-VC Zone are hereby established as shown on the map attached hereto as Exhibit 11.45.080 and incorporated herein as though set forth in full. Only one retail cannabis business shall be authorized in each such Retail Cannabis Area pursuant to the requirements of this Code, provided, however, that if a Retail Cannabis Area contains one or more legal non-conforming retail cannabis businesses, no further retail cannabis business shall be authorized for that Retail Cannabis Area while such legal non-conforming use lawfully exists. The City Council may by ordinance amend this section to allow up to a total retail cannabis businesses, amend the boundaries of the Retail Cannabis Areas or add zones for retail cannabis businesses.

B. Location of Commercial Cannabis Businesses Other Than Retail. Cannabis businesses other than retailers shall be conditionally permitted uses in the following zones of the City: C-1/C-P (General Commercial); M-SC (Manufacturing-Service Commercial); B-P (Business Park); or R-VC (Rubidoux-Village Commercial). The City Council may by ordinance amend this section to add zones in which for commercial cannabis businesses would be allowed.

C. Separation Requirements for Cannabis Businesses. It is unlawful for any portion of the parcel on which a cannabis business is located to be within a one thousand (1,000) foot radius of a school providing instruction in kindergarten or any grades 1 through 12, day care center, youth center, church or other religious facility, or park that is in existence at the time the fully-completed application for the permit is submitted to the City pursuant to this Chapter. The 1,000-foot distance requirement does not include any private school in which education is primarily conducted in a private home or a family day care home. The distance specified in this subsection shall be measured in the same manner as provided in Health and Safety Code section 11362.768(c), as the same may be amended from time to time.

D. Cannabis Businesses Legal Non-Conforming Uses.

1. In 2018, the voters of Jurupa Valley approved Measure L which adopted Ordinance No. 2018-14 allowing for exempted commercial cannabis activity. In order to avoid excessive concentration of retail-related commercial cannabis activity in the City, Measure L limited the number of retailers within the City to one (1) per fifteen thousand (15,000) City residents. As of the effective date of this Chapter, a maximum of seven (7) exempted retail cannabis businesses are allowed in the City.

2. Measure L established a class of cannabis businesses that would obtain exempted commercial cannabis activity status. Any business that has obtained exempted commercial cannabis activity status and a State license prior to this Chapter going into effect, may continue to operate in the City if it meets and continues to meet all the requirements set forth in Measure L. Any business that meets the requirements of this subsection D, shall not be subject to the requirements of this Chapter, or Chapter 11.45 except for Sections 11.45.140 through 11.45.300.

3. A cannabis business that is lawfully operating in the City before this Chapter goes into effect shall lose its exempted commercial cannabis activity status if it has its State license revoked and/or suspended and the State license is not reinstated within a year.

E. Retail Cannabis Business Lottery. If the number of retailers that have obtained exempted commercial cannabis status and a State license is less than the number of retailers that can operate in a retail cannabis area in the City pursuant to this Section, then the City shall hold a lottery pursuant to Section 11.45.090.

9.243.030 Conditional Use Permit required.

A. Except as expressly authorized pursuant to this Code, all commercial cannabis activity is prohibited in the City.

B. Prior to initiating operations and as a continuing requirement to operating a cannabis business, the person wishing to operate a cannabis business shall:

1. Obtain and maintain a validly issued conditional use permit approved by the City Council after recommendation by the Planning Commission, and comply with all conditions of approval.

2. Obtain and maintain a State license to engage in the specific cannabis business being operated on the premises.

3. Obtain and maintain a cannabis regulatory permit as required by Chapter 11.45 of this Code.

4. Obtain and maintain a business registration certificate pursuant to Chapter 5.05 of this Code or any other license or permit required by this Code.

9.243.040 Application fees and terms.

A. No conditional use permit application shall be processed unless the applicant pays the application fee deposit in the amount to be established by resolution of the City Council. No conditional use permit shall be issued unless the applicant pays the nonrefundable permit fee in the amounts to be established by resolution of the City Council.

B. No conditional use permit shall be issued if the applicant has an ownership or other direct financial interest in any other cannabis business operating in the City.

C. An applicant for a conditional use permit shall comply with the California Environmental Quality Act ("CEQA"). No conditional use permit shall be granted until the requisite CEQA review has been conducted.

9.243.050 Application requirements.

An applicant shall file the following information with the City at the time of application for a conditional use permit:

A. Proof of a cannabis regulatory permit approved by the City Manager. The owner identified on the conditional use permit application shall be same owner as listed on the cannabis regulatory permit issued pursuant to Chapter 11.45.

B. A conditional use permit application shall include the information contained in subsection 1 of Section 9.240.280

C. An operating plan for the proposed cannabis business that includes, but is not limited to, the following:

1. How the applicant will comply with the operational standards set forth in Sections 11.45.160 through 11.45.210, as applicable.

2. A general description of the types of products and/or services to be provided by the cannabis business;

3. A site plan, drawn to scale and professionally prepared by a licensed civil engineer or architect, of the parcel of property on which the proposed cannabis business will be located. The site plan shall include the outline of all structures, driveways, parking and landscape areas, and boundaries of the parcel.

4. A floor plan, drawn to scale and professionally prepared by a licensed civil engineer or architect, designating all interior dimensions of the premises, the proposed use of all spaces, identification of limited access areas, areas of ingress and egress, and all security camera locations.

5. An evaluation of accessibility by the physically disabled to and within the building and identification of any planned accessibility improvements to comply with all state and federal disability access laws, including, but not limited to, Title 24 of the California Code of Regulations and the Americans with Disabilities Act. The evaluation must be professionally prepared by a licensed civil engineer or architect.

6. A business plan describing how the cannabis business will operate in accordance with the Jurupa Valley Municipal Code, state law, and other applicable regulations. The business plan must include plans for cash handling and transportation of cannabis and cannabis products to and from the premises.

7. For cultivation facilities, water source information and projected energy demand and energy efficiency plan that addresses illumination, heating, cooling, and ventilation. The applicant shall also provide a letter from the Southern California Edison stating that Southern California can meet the cannabis business' energy demand.

8. A description of the emergency procedures in the event of fire or other emergency, including evacuation routes, location of fire extinguishers or other fire suppression equipment, and a description of the training for fire or other emergencies.

9. Storage and Transportation Plan. A description of the procedures for safely and securely storing and transporting all cannabis, cannabis products, hazardous materials that may be used by the business, and currency.

10. A list of all owners, employees, independent contractors, and volunteers.

D. Neighborhood Context Map. An accurate straight-line drawing depicting the boundaries of the premises, the boundaries of all other properties within one thousand (1,000) feet of the premises, and the uses of those properties, specifically including, but not limited to, any use identified in Business and Professions Code section 26054(b) and any park or church/religious facility located within one thousand (1,000) feet of the premises. The distances specified in this subsection shall be the horizontal distance measured in a straight line without regard to intervening structures, from the property line of the lot on which the cannabis business is located to the nearest property line of those uses described in this subsection. The map must be professionally prepared by a licensed civil engineer or architect.

E. Security plan. A detailed security plan outlining the measures that will be taken to ensure the safety of persons and property on the premises. The security plan must be prepared by a qualified professional.

F. Lighting Plan. A lighting plan showing existing and proposed exterior and interior lighting levels that would be the minimum necessary to provide adequate security lighting for the use.

G. Identifying Information. The name, phone number, and email address of an on-site community relations representative or staff member or other representative to whom the City can provide notice if there are operating problems associated with the cannabis business or refer members of the public who may have complaints or concerns regarding the cannabis business. This information shall be available to neighboring businesses and residences located within one hundred feet of the cannabis business, as measured in a straight line without regard to intervening structures.

H. Community Relations Plan. A description of the applicant's proposal for a public outreach and educational program for youth organizations and/or to educational institutions, related to the risks of youth addiction to cannabis and available resources related to drugs, drug addiction, and prevention.

I. Parking Plan and Parking Study.

1. For retailers, a parking study prepared by a qualified parking consultant, approved by the Planning Director, to determine parking demand for the use and available spaces for parking on site. The vehicle parking standard for retailers shall be one (1) space per two hundred (200) square feet of gross floor area of the proposed building or such additional spaces on-site as the City Council determines is necessary to meet the parking demand as described in the parking study, whichever number of spaces is greater.

2. For all other cannabis businesses, the on-site parking shall be that required by the underlying zoning for the proposed site.

J. A permittee shall not, without an approved amendment to the cannabis conditional use permit, make a physical change, alteration, or modification of the premises that alters the premises or the use of the premises from the premises diagram filed with the permit application. Material or substantial changes, alterations or modifications requiring approval include, but are not limited to, the removal, creation, or relocation of a common entryway, doorway, passage, or a means of public entry or exit, when such common entryway, doorway or passage alters or changes limited-access areas within the premises.

9.243.060 Findings and public hearing.

A. The Planning Commission shall hold a public hearing on the conditional use permit application.

B. Public notice of the hearing shall be given at least ten (10) days prior to the hearing in the manner specific in Section 9.05.050.

C. The Planning Commission may only recommend approval of a conditional use permit, if it can make all of the following findings:

1. The proposed use is consistent with the General Plan;

2. The proposed use would not impair the integrity and character of the land use district and the area in which it is to be located;

3. The subject site is physically suitable for the type and intensity of land use being proposed;

4. There are adequate provisions for water, sanitation, and public utilities and services to ensure that the proposed use would not be detrimental to public health and safety;

5. There will not be significant harmful effects upon environmental quality; natural resources; or neighborhood characteristics;

6. The proposed use will not be detrimental to the health, safety, or general welfare of the community.

D. After closing the public hearing, the Planning Commission shall render its decision within a reasonable time and transmit it to the City Council in the form of a written recommendation, which shall contain the reasons for the recommendation. A copy of the recommendation shall be mailed to the applicant and proof thereof shall be shown on the original transmitted to the City Council. If the Planning Commission does not reach a decision due to a tie vote, that fact shall be reported to the City Council and the failure to reach a decision shall be deemed a recommendation against the approval of the conditional use permit application.

E. The City Clerk shall give notice of the time and place of the public hearing before the City Council to consider the conditional use permit application in the same manner as is provided for giving notice of the hearing before the Planning Commission. The public hearing before the City Council shall be scheduled for a Council Meeting within forty-five days of the Planning Commission hearing.

F. After closing the public hearing the City Council shall render its decision within a reasonable time and may approve, modify or disapprove the recommendation of the Planning Commission. To approve the conditional use permit applicant, the City Council must make the findings set forth in subsection C above.

G. Any hearing of the Planning Commission or City Council may be continued from time to time.

9.243.070 Conditions of approval.

A. A conditional use permit shall not be granted unless the applicant demonstrates that the proposed use will not be detrimental to the health, safety or general welfare of the community.

B. Any permit that is granted shall be subject to such conditions as shall be necessary to protect the health, safety or general welfare of the community and to mitigate any adverse impact of the proposed use upon the community. The conditions of approval shall incorporate the operational standards set forth in Section 11.45.160, and any applicable provisions of Sections 11.45.170 through 11.45.210 of the Municipal Code.

C. As a further condition of approval of the conditional use permit, the cannabis business must:

1. Obtain a valid State license to operate the cannabis business before commencing operations in the City, and must maintain a State license to continue operating in the City.

2. Indemnify and hold the City harmless from any and all claims, damages, legal or enforcement actions, including, but not limited to, any actions or claims associated with violation of federal law associated with the operation of the cannabis business as provided in this chapter.

3. Maintain insurance in the amounts and of the types that will protect the City as determined by the City Council, in its sole discretion, pursuant to a resolution of the City Council.

4. Name the City as an additionally insured on all City required insurance policies.

5. Indemnify and hold the City harmless from any action against the City, its agents, officers, and employees related to the approval or conditional approval of a permit or the operation of the cannabis business, including without limitation, the City's attorney fees and litigation expenses incurred in the litigation. Within thirty (30) days of the service of the action upon the City or one of its agents, officers, and employees the cannabis business must deposit with the City an amount estimated to be sufficient to pay the four months of the City's defense as determined by the City Attorney in his or her sole discretion. Each three months thereafter, the cannabis business must deposit with the City an amount estimated to be sufficient to pay the four months of the City's defense as determined by the City Attorney in his or her sole discretion. The City shall retain the authority to settle or otherwise resolve the case in its sole discretion.

9.243.080 Incorporation of general conditional use permit requirements.

A. Subsection 5 and 6 of Section 9.240.280 are incorporated herein by this reference and shall govern conditional use permits and revocations of conditional use permits.”

SECTION 3. Chapter 11.45 (Exempted Commercial Cannabis Activity) of Title 11 (Peace, Morals and Safety) of the Jurupa Valley Municipal Code is hereby repealed and new Chapter 11.45 “Cannabis Regulatory Permit” is hereby adopted to read as follows:

“Chapter 11.45 Cannabis Regulatory Permit

11.45.010 Purpose.

11.45.020 Definitions.

11.45.030 Commercial cannabis activity prohibited unless expressly authorized.

11.45.040 Permitted commercial cannabis activity.

11.45.050 Permits required.

11.45.060 Cannabis regulatory permit requirements.

- 11.45.070 Cannabis regulatory permit application requirements.
- 11.45.080 Limitations on number of retailers; Grandfathering of exempted commercial cannabis activity.
- 11.45.090 Retailer lottery.
- 11.45.100 Decision on retailer lottery and permit.
- 11.45.110 Appeals.
- 11.45.120 Limitations on city's liability.
- 11.45.130 Location criteria.
- 11.45.140 Community relations.
- 11.45.150 Employee background check required.
- 11.45.160 Operational standards.
- 11.45.170 Operational standards for retailers.
- 11.45.180 Operational standards for cultivation facilities.
- 11.45.190 Operational standards for manufacturing facilities.
- 11.45.200 Operational standards for testing laboratories.
- 11.45.210 Operational standards for distribution facilities.
- 11.45.220 Changes in business location or permit information.
- 11.45.230 Transfer of cannabis regulatory permit.
- 11.45.240 Regulatory permit renewal.
- 11.45.250 Enforcement of permits.
- 11.45.260 City Attorney enforcement authority.
- 11.45.270 Administrative suspension and revocation.
- 11.45.280 Appeal of notice of suspension or revocation, or denial of permit renewal or transfer, or change of location.
- 11.45.290 Right to judicial review.
- 11.45.300 No new permit after revocation.
- 11.45.310 Attorney's fees in nuisance abatement action.
- 11.45.320 Remedies cumulative.
- 11.45.330 City Council may amend.

11.45.010 Purpose.

It is the purpose and intent of this Chapter to implement the provisions of the Medicinal and Adult Use Cannabis Regulation and Safety Act ("MAUCRSA") to accommodate the needs of medically-ill persons in need of cannabis for medicinal purposes as recommended by their health care provider(s), and to provide access to same. It is also the purpose and intent of this Chapter to provide access to adult-use cannabis for persons aged 21 and over as authorized by the Control, Tax & Regulate the Adult Use Cannabis Act ("AUMA" or "Proposition 64") approved by California voters in 2016, while imposing reasonable regulations to protect the City's residents, neighborhoods, and businesses from disproportionately negative impacts. As such, it is the purpose and intent of this Chapter to regulate the cultivation, processing, manufacturing, testing, sale, delivery, distribution and transportation of cannabis and cannabis products in a responsible manner to protect the health, safety, and welfare of the residents of the City of Jurupa Valley and to enforce rules and regulations consistent with state law. It is the further purpose and intent of this Chapter to require all cannabis businesses to obtain and renew annually a permit to operate within the City of Jurupa Valley, except those businesses that have obtained

exempt commercial cannabis activity status. Nothing in this Chapter is intended to authorize the possession, use, or provision of cannabis for purposes that violate state law.

11.45.020 Definitions.

For the purpose of this Chapter, the following words and phrases shall be defined as follows:

A. “Applicant” means an owner applying for a cannabis regulatory permit pursuant to this Chapter.

B. “Cannabis” means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. “Cannabis” also means the separated resin, whether crude or purified, obtained from cannabis. “Cannabis” does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this Chapter, “cannabis” does not mean “industrial hemp” as defined by Section 11018.5 of the Health and Safety Code.

C. “Cannabis business” means a retailer, cultivation facility, distribution facility, manufacturing facility, or a testing laboratory engaged in commercial cannabis activity.

D. “Cannabis goods” means cannabis, including dried flower, and cannabis products.

E. “Cannabis products” means cannabis that has undergone a process whereby the plant material has been transferred into a concentrate including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis or other ingredient.

F. “City” means the City of Jurupa Valley.

G. “City Manager” means the City Manager or his/her designee.

H. “Convicted” or “conviction” means a plea or verdict of guilty or a conviction following a plea of nolo contendere was entered, but does not include any plea, verdict, or conviction that is expunged pursuant to California law or a similar federal or state law where the expungement was granted.

I. “Commercial cannabis activity” includes the cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery or sale of cannabis and cannabis products, or engaging in any other cannabis activity that requires a state license issued by a licensing authority.

J. “Cultivation” means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.

K. “Cultivation facility” means a location where cannabis is planted, grown, harvested, dried, cured, graded, or trimmed, or a location where any combination of those activities occurs.

L. “Delivery” means the commercial transfer of cannabis or cannabis products to a customer. Delivery also includes the use by a retailer of any technology platform.

M. “Distribution” means the procurement, sale and transport of cannabis and cannabis products between licensees.

N. “Distribution facility” means a business that transports cannabis goods between licensees, arranges for testing of cannabis goods, and conducts quality assurance review of cannabis goods to ensure compliance with all packaging and labeling requirements.

O. “Enforcement official” means an employee of or contractor for the City, County, or State who enters onto the premises of a cannabis business for the purpose of implementing this Chapter or enforcing applicable laws.

P. “Exempted commercial cannabis activity status” means the status conferred to an applicant that has been provided with written notice from the City Clerk indicating that the applicant has submitted a complete application under the requirements of Measure L, and is thus eligible to engage in commercial cannabis activity upon the exemption holder’s exempted premises (as those terms are defined by Measure L) in a manner that comports with, and is limited to, the exemption type(s) set forth in the exemption holder’s completed application, so long as such exempted commercial cannabis activity fully complies with all the requirements of Measure L, and the applicant has obtained a State license to operate in the City.

Q. “Extract” means a process by which cannabinoids are separated from cannabis plant material through chemical or physical means.

R. “Financial interest” shall have the meaning set forth in Section 5004 of Title 16 of the California Code of Regulations, as the same may be amended from time to time.

S. “Indoors” means within a fully enclosed and secure structure.

T. “Infuse” or “Infusion” means a process by which cannabis, cannabinoids, or cannabis concentrates, are directly incorporated into a product formulation to produce a cannabis product.

U. “Licensing authority” means the Bureau of Cannabis Control Bureau of Cannabis Control within the California Department of Consumer Affairs; CalCannabis Cultivation Licensing, a division of the California Department of Food and Agriculture (CDFA); the California Department of Public Health's Manufactured Cannabis Safety Branch; or any other state cannabis licensing authority.

V. “Manufacture” means to compound, blend, extract, infuse, or otherwise make or prepare a cannabis product. The term manufacture also has the same meaning as Section 40100 of Title 17 of the California Code of Regulations, as the same shall be amended from time to time.

W. “Manufacturing facility” means a business that engages in all aspects of the extraction and/or infusion processes, including processing, preparing, holding, storing, packaging, or labeling of cannabis products. Manufacturing also includes any processing, preparing, holding, or storing of components and ingredients.

X. “Non-Storefront retailer” means a retailer that sells cannabis goods to customers exclusively through delivery. A non-storefront retailer has permitted premises to store cannabis goods for delivery, but the premises is not open to the public.

Y. “Nonvolatile solvent” means any solvent used in the extraction process that is not a volatile solvent. For purposes of this Chapter only, nonvolatile solvents include carbon dioxide and ethanol.

Z. “Outdoors” means any area or location not specifically meeting the definition of indoors.

AA. “Owner” means any of the following:

1. A person with an aggregate ownership interest of 20 percent or more in the person applying for a permit or a permittee, unless the interest is solely a security, lien, or encumbrance.
2. The chief executive officer of a nonprofit or other entity.
3. A member of the board of directors of a nonprofit.
4. An individual who will be participating in the direction, control, or management of the person applying for a permit.

BB. “Operations plan” means an operating plan approved by the Police Chief, that implements the standard requirements of this Chapter along with such additional, reasonable, criteria needed to protect public health and safety as determined by the Police Chief, based upon the size and location of the proposed cannabis business.

CC. “Package” or “Packaging” means any container or wrapper that may be used for enclosing or containing any cannabis product. The term “package” or “packaging” does not include any shipping container or outer wrapping used solely for the transportation of cannabis products in bulk quantity to another licensee or licensed premises.

DD. “Permit” means a Cannabis Regulatory Permit issued under this Chapter.

EE. “Permittee” means any person holding a permit under this Chapter.

FF. “Person” includes any individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, non-profit, or any other group or combination acting as a unit, and the plural as well as the singular.

GG. “Police Chief” means the Riverside County Sheriff’s Lieutenant or other law enforcement designee who is designate as the Chief of Police for Jurupa Valley.

HH. “Premises” means the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or permittee where the commercial cannabis activity will be or is conducted.

II. “Retailer” means a cannabis business that engages in the retail sale and delivery of cannabis and cannabis products to customers.

JJ. “State license” means a license issued by a State licensing authority for cannabis businesses. For cannabis retailers, distributors, microbusinesses and testing laboratories, the State license shall be issued by the Bureau of Cannabis Control. For commercial cannabis cultivation facilities, the State license shall be issued by the California Department of Food and Agriculture. For cannabis manufacturers, the State license shall be issued by the California Department of Public Health.

KK. “Storefront Retailer” means a retailer that has a physical location (premises), including an address where commercial cannabis activities are conducted, and that sells cannabis goods to customers at its premises or by delivery.

LL. “Testing laboratory” means a laboratory, facility, or entity in the city that offers or performs tests of cannabis or cannabis products and that is both of the following:

1. Accredited by an accrediting body that is independent from all other persons involved in commercial cannabis activity in the state.
2. Licensed by the Bureau of Cannabis Control.

MM. “Transport” means the transfer of cannabis products from the permitted business location of one licensee to the permitted business location of another licensee, for the purposes of conducting commercial cannabis activity authorized by MAUCRSA which may be amended or repealed by any subsequent related State legislation. Transport can only be performed by licensed distributors and does not include deliveries of cannabis or cannabis products.

NN. “Volatile solvent” means any solvent that is or produces a flammable gas or vapor that, when present in the air in sufficient quantities, will create explosive or ignitable mixtures. Examples of volatile solvents include, but are not limited to, butane, hexane, and propane.

11.45.030 Commercial cannabis activity prohibited unless expressly authorized.

A. Except as specifically authorized in this Chapter, commercial cannabis activity is prohibited in the City.

B. It is unlawful for any person to engage in commercial cannabis activity without a valid permit issued pursuant to this Chapter and Chapter 9.243 for each location where the commercial cannabis activity occurs.

C. Unless otherwise provided by this Chapter, it is unlawful for any person to engage in commercial cannabis activity from other than a fixed location within the city's jurisdiction for which a valid permit has been obtained and remains in effect.

D. It is unlawful for any person to cause, permit, aid, abet, or conceal a violation of any provision of this Chapter.

11.45.040 Permitted commercial cannabis activity.

A. Subject to applicable State law and this Chapter, commercial cannabis activity is permitted only when approved by the City in accordance with this Chapter.

B. The following commercial cannabis activity may be allowed pursuant to a permit:

1. Distribution facility;
2. Indoor cultivation facility;
3. Manufacturing facility;
4. Storefront Retailer and Non-Storefront Retailer; and
5. Testing laboratory.

11.45.050 Permits required.

To engage in commercial cannabis activity allowed by this Chapter, a person must obtain all of the following:

A. A permit as required by this Chapter.

B. A conditional use permit issued pursuant to Chapter 9.243. Any permit that is issued under this Chapter shall be void if a conditional use permit is not issued by the City Council pursuant to Chapter 9.243 of the Municipal Code, within a year of issuance of the permit.

C. A business registration certificate issued pursuant to Chapter 5.05.

D. A State license.

11.45.060 Cannabis regulatory permit requirements.

A. A permit that is issued pursuant to this Chapter is valid for a term of one (1) year from the date of issuance. Renewal terms shall not exceed one (1) year. Issuance of a commercial cannabis business permit does not create a land use entitlement.

B. Notwithstanding any other provision of applicable law, unless extended or renewed, a permit will be rendered void should a person fail to obtain, within six (6) months following issuance of the permit, or thereafter maintain, a State license. The six (6) month period shall be extended by the City Manager by a reasonable amount of time to reflect delays due to State backlog if the applicant has filed for a State license or licenses, and provided all information and fees required by the State within the initial six (6) month period following issuance of a permit.

C. A permit shall expire one year following its issuance. All commercial cannabis activity at the cannabis business shall cease upon expiration of the permit unless and until the permit is renewed or a new permit is issued.

11.45.070 Cannabis regulatory permit application requirements.

A. To protect public health and safety, and to further ensure that commercial cannabis activity permitted by this Chapter is in the public interest, the City hereby establishes procedures for determining the qualifications of persons allowed to obtain a permit.

B. An owner of a cannabis business may apply for a permit, on behalf of a cannabis business, by filing an application with the City Manager. A cannabis business may only submit one application. If a cannabis business has multiple owners, only one owner may submit an application on behalf of the cannabis business, but all owners must be identified in the application.

C. No person shall knowingly make a false statement of fact or knowingly omit any information that is required in the permit application.

D. Applications shall not be accepted or processed unless the applicant pays the nonrefundable application fee in the amount to be established by resolution of the City Council.

E. The application shall be on a form approved by the City Manager and shall include, but not be limited to, the following:

1. The type of cannabis business the applicant seeks to operate in the City, a description of the commercial cannabis activity that will be conducted on the premises. A cannabis retailer shall designate whether it will be selling medicinal or adult-use cannabis, or both.

2. A description of the statutory entity or business form that will serve as the legal structure for the cannabis business; a copy of its formation and organizing documents, including, but not limited to, articles of incorporation, certificate of amendment, statement of information, articles of association, bylaws, partnership agreement, operating agreement, and

fictitious business name statement; and the name and address of its agent for purposes of service of process.

3. A list of every fictitious business name the cannabis business is operating under.

4. The legal name of the applicant.

5. If applicable, the business trade name (“DBA”) of the cannabis business.

6. A list of the State licenses issued by any licensing authority to the applicant, or any other owner of the cannabis business, including the date the license was issued, the date the license will terminate and the licensing authority that issued the license.

7. Whether the applicant, or any owners of the cannabis business, have been denied a State license or have had a State license suspended or revoked by any licensing authority. The applicant shall identify the type of State license applied for, the name of the licensing authority that denied the application, and the date of denial.

8. The cannabis business’ employer identification number.

9. The physical address of any other premises owned or operated by the applicant, or any other owner of the cannabis business, and a brief summary of the business operations at each premises.

10. A complete list of every owner of, or person with a financial interest in, the cannabis business. Each individual named on this list shall submit the following information:

a) Their full name.
b) Their title within the applicant entity, if applicable.
c) Their date of birth and place of birth.
d) Their social security number or individual taxpayer identification number.

e) Their mailing address.
f) Their home, business, or mobile telephone number and email address.

g) Their current employer.
h) Their percentage of ownership interest held in the applicant entity, or other financial interest held in the applicant entity.

i) Whether the individual has an ownership or a financial interest in any other cannabis business licensed by a licensing authority.

j) A copy of the individual’s government-issued identification that includes the name, date of birth, physical description and picture of the owner or person with a financial interest in the cannabis business.

k) If applicable, a copy of any certificate of rehabilitation issued under Penal Code section 4852.01 or dismissal issued pursuant to Penal Code section 1203.4 or 1203.41.

l) If applicable, a detailed description of any suspension or revocation of a cannabis related license or sanctions for unlicensed or unlawful cannabis activity by a state or local governmental agency against the applicant, or any of its owners or persons with a financial interest in the cannabis business.

m) Pursuant to California Penal Code Sections 11105(b)(11) and 13300(b)(11), which authorize city authorities to access state and local summary criminal history information for employment, licensing, or certification purposes, and authorize access to federal level criminal history information by transmitting fingerprint images and related information to the Department of Justice to be transmitted to the Federal Bureau of Investigation, every owner or person with a financial interest in the cannabis business must submit fingerprints and other information deemed necessary by the Chief of Police or his/her designee(s) for a background check by the Jurupa Valley Police Department. A fee for the cost of the background investigation, which shall be the actual cost to the City of Jurupa Valley to conduct the background investigation as it deems necessary and appropriate, including City staff time and costs, shall be paid at the time the person submits for the background check.

11. The proposed hours of operation.

12. Authorization and consent for City staff and the Police Department to seek verification of the information contained within the application.

13. Attestation to the following statement: Under penalty of perjury, I hereby declare that the information contained within and submitted with the application is complete, true and accurate. I understand that a misrepresentation of fact, whether intentional or not, is cause for rejection of this application, denial of the permit, or revocation of a permit issued.

14. Evidence that the cannabis business will be compliant with the location restrictions set forth in Business and Professions Code section 26054(b) and the zoning restrictions set forth in Chapter 9.240 of the Municipal Code.

15. If the applicant is the landowner upon which the premises is located, a copy of the title or deed to the property.

16. If the applicant is leasing the premises where the cannabis business will be conducted, a written, notarized statement from the owner of the property where the cannabis business will operate evidencing unqualified consent to the applicant operating a cannabis business on the property. The statement must specify the street address (unless the property is a vacant lot to be developed) and assessor's parcel number for the premises. The statement shall also contain the name, business address, email address and telephone number of the property owner(s) (whether business entity or individual).

17. A premises diagram which meets the requirements set forth in Section 5006 of Title 16 of the California Code of Regulations, as the same may be amended from time to time.

18. For all applicants, other than retailers, a copy of the applicant's application for a State license with the applicable licensing authority to operate a cannabis business in the City.

19. If the applicant is a retailer, the applicant must also identify the zone and the Retail Cannabis Area (established pursuant to Section 9.243.020) where the applicant intends to locate the business. The applicant will be limited to participating in a lottery for the specific Retail Cannabis Area identified in the application.

F. Nothing in this section is intended to limit the City Manager's ability to request additional information the City Manager deems necessary or relevant to determining a cannabis business' suitability for a permit. An applicant shall provide any additional information requested by the City Manager no later than seven (7) days after the request, unless otherwise specified by the City Manager.

G. The City Manager is hereby authorized to waive any application requirement, as long as the waiver is uniformly applied to all applicants.

11.45.080 Limitations on number of retailers; Grandfathering of exempted commercial cannabis activity.

The number of retailers within the City and legal non-confirming uses shall be governed by the provisions of Section 9.243.020 of this Code.

11.45.090 Retailer lottery.

A. As set forth in Section 9.242.020, there is a limit on the number of retailers that can operate in the City. If the number of retailers that have obtained exempted commercial cannabis status and a State license is less than the number of retailers that can operate in the City pursuant to Section 9.243.020, then the City shall hold a lottery pursuant to this Section. At no point shall the number of retailers in the City exceed the number of retailers allowed under Section 9.243.020 inclusive of retailers that are operating pursuant to an exempted commercial cannabis status, without further voter approval.

B. City staff shall establish and conduct a lottery for determining which retailers will (1) be issued a permit, and (2) be eligible to apply for a conditional use permit pursuant to the provisions of Chapter 9.243 of the Municipal Code.

C. The City Council shall adopt a resolution setting forth the procedures that will be followed in conducting the lottery, and the steps to be included in a schedule that will be prepared for the receipt and review of permit applications for retailers. The City Council may establish a process where several lotteries are conducted. The City Manager is hereby authorized to make any necessary changes to the lottery procedures and steps to be included in the schedule as he or she deems appropriate for its implementation.

11.45.100 Decision on retailer lottery and permit.

A. The City Manager, in consultation with the Chief of Police, shall evaluate all completed retailer applications that are submitted by the application deadline and determine whether the applicant can participate in the lottery. The applicant shall be ineligible to participate in the lottery if the City Manager determines that one or more of the following conditions exist:

1. The applicant has not paid all fees required for consideration of the application.

2. The application is incomplete, filed late, or is otherwise not responsive to the requirements of this Chapter.

3. The application contains a false or misleading statement or omission of a material fact.

4. The applicant, or any owner or person with a financial interest in the cannabis business, is not at least twenty-one (21) years old.

5. The applicant, or any owner or person with a financial interest in the cannabis business, has been denied a license or permit or other authorization to engage in commercial cannabis activity by a state or local licensing or permitting authority, for any reason other than the fact that the applicant was not selected for a limited number of licenses or permits, but would have otherwise qualified to obtain the license or permit.

6. The applicant, or any owner or person with a financial interest in the cannabis business is employed by the City's police department or the City's Community Development Department.

7. The applicant, or any owners or persons with a financial interest in the retailer, has been convicted of:

a) A serious or violent felony conviction, as specified in Penal Code Section 667.5(c) or Section 1192.7(c).

b) A felony conviction involving fraud, deceit, or embezzlement.

c) A felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling, any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.

d) A felony conviction for drug trafficking with enhancements pursuant to Health and Safety Code Section 11370.4 or 11379.8.

e) Conviction of illegal use, possession, transportation, distribution or similar activities related to controlled substances, as defined in the Federal

Controlled Substances Act, not including cannabis-related offenses for which the conviction occurred after the passage of the Compassionate Use Act of 1996.

f) Conviction for unauthorized, unpermitted, or unlawful cannabis activities in any city, county or city and county in the 5 years immediately preceding the issuance of a cannabis business permit or cannabis business permit renewal.

8. The operation of the retailer, as described in its application, would fail to comply with any provision of the Jurupa Valley Municipal Code, or any state law or regulation.

9. Operation of the retailer in the manner proposed poses a threat to the public health, safety or welfare, or violates any provision of this Chapter.

10. No owner or person with a financial interest in the cannabis business is also an owner or has a financial interest in any other cannabis retailer in the City.

B. If none of the above-referenced conditions exist, the City Manager, or his or her designee, shall notify the applicant that the applicant is eligible to participate in the lottery. If any of the above-referenced conditions exist, the City Manager shall notify the applicant that the applicant has been denied the opportunity to participate in the lottery. Any notice of denial shall set forth the reasons of denial and advise the applicant of the right to contest the denial pursuant to the procedures set forth in Section 11.45.110.

C. If a retailer is selected in the lottery to obtain a permit, the retailer shall have 90 days from the date of the notice to the retailer that they are eligible to obtain a permit to provide documentation to the City Manager showing the following:

1. If the applicant is leasing the premises where the retail business will be conducted, a copy of the rental or lease agreement shall be provided.

2. A copy of the applicant's application with the Bureau of Cannabis Control to operate a retailer in the City.

3. Evidence that the retailer will be compliant with the location restrictions set forth in Business and Professions Code section 26054(b) and the zoning restrictions set forth in Chapter 9.240 of the Municipal Code. Any evidence that was submitted at the time of the application will be updated to ensure that the retailer is still compliant with this provision.

4. Background check results for all employees, managers, and agents of the cannabis business. Any employee, manager or agent of the cannabis business that has been convicted of a disqualifying crime as set forth in subsection (A)(7) above, shall not be permitted to work for the cannabis business.

D. If the retailer fails to provide the information set forth in subsection C above within the 90 day period, or does not meet the location or zoning restrictions set forth in Section 11.45.130, the retailer shall not be issued a permit.

E. For all other cannabis businesses, other than retailers, the City Manager, in consultation with the Chief of Police, shall issue a permit within 60 days of receipt of a completed application, unless the City Manager finds that one or more of the conditions set forth in subsection A above exist. For purposes of applying subsection A above, all references to retailer shall be replaced with cannabis business.

11.45.110 Appeals.

A. Lottery appeals. If a retailer applicant is denied the opportunity to participate in the lottery due to the applicant's failure to submit a complete application by the required deadline, failure to satisfy the criteria for issuance of a permit, or for any other reason, the applicant may appeal this decision in writing. The written appeal shall be filed with the City Clerk within ten (10) days of the issuance and mailing of the written decision by the City Manager on the application accompanied by the appeal fee as adopted by resolution of the City Council. The appeal shall be conducted in accordance with Sections 2.40.020 and 2.40.030 of the Municipal Code. After the deadline to appeal has passed, the decision to deny the retailer the opportunity to participate in the lottery or to deny the issuance of a permit shall be deemed final, and may no longer be appealed. In the event an appeal of the City Manager's decision to allow a retailer applicant to participate in a lottery is timely filed, the lottery shall not be conducted until the appeal is heard and decided.

B. Appeals related to issuance of cannabis permit. An applicant that seeks to operate a cannabis business in the City, may appeal the City Manager's decision not to issue the cannabis business a permit in writing pursuant to the provisions of Chapter 2.40 of the Code. The written appeal shall be filed with the City Clerk within fifteen (15) days of the issuance and mailing of the written decision by the City Manager on the permit accompanied by the appeal fee as adopted by resolution of the City Council. After the deadline to appeal has passed, the decision to deny to deny the issuance of a permit shall be deemed final, and may no longer be appealed. filing an appeal within ten business days of the City mailing notice of the City Manager's decision. A retailer may only appeal the City Manager's decision to deny the applicant a permit if the retailer participated in the lottery.

C. The City Council is authorized to amend the provisions of this Section by ordinance.

11.45.120 Limitations on city's liability.

A. To the fullest extent permitted by law, the City does not assume any liability whatsoever, with respect to approving a permit pursuant to this code or the operation of a cannabis business approved pursuant to this code. As a prerequisite to issuance of a permit, the applicant must:

1. Execute an agreement indemnifying the city from any claims, judgments, awards, damages, injuries, or liabilities of any kind arising out of or related to issuance of a permit and/or approval of a development permit or ministerial permit, or operation of the cannabis business or the prosecution of the cannabis business or its owners, managers, directors,

officers, employees, or its qualified patients or primary caregivers for violation of federal or state laws;

2. Execute an agreement releasing the City, its agents, officers, elected officials, and employees from any and all claims, injuries, damages or liabilities of any kind arising from any repeal or amendment of this Chapter or any other provision of the Jurupa Valley Municipal Code, and any arrest or prosecution of the owners, managers, agents, employees, or persons with a financial interest in the cannabis business for violation of any State or Federal laws.

3. Maintain insurance in the amounts and of the types that are established by resolution of the City Council and name, its elected officials, officers, and employees as additionally insureds on all city required insurance policies;

4. Agree to pay the reasonable fees and costs of legal counsel selected by the city to defend the city, its agents, officers, and/or employees against any claim described in this Section; and

5. Agree to reimburse the city for any court costs and reasonable attorney fees the city may be required to pay as a result of any claim described in this Section.

B. The agreements required by this Section must be secured with sufficient insurance, as determined by the City Attorney, and a surety, as approved by the City Attorney, to adequately protect the City from any and all liability. The surety requirement may be waived in the discretion of the City Manager if the applicant demonstrates sufficient net worth to adequately cover the liability exposure.

11.45.130 Location criteria.

A. Cannabis businesses may only be located in the zoning districts set forth in Chapter 9.240. Only one retailer may be located within each Retail Cannabis Area, except as provided for legal non-conforming uses.

B. It is unlawful for any portion of the parcel on which a cannabis business is located to be within a one thousand (1,000) foot radius of a school providing instruction in kindergarten or any grades 1 through 12, day care center, youth center, church or other religious facility, or park that is in existence at the time the fully-completed application for the permit is submitted to the City pursuant to this Chapter. The 1,000-foot distance requirement does not include any private school in which education is primarily conducted in a private home or a family day care home. The distance specified in this subsection shall be measured in the same manner as provided in Health and Safety Code section 11362.768(c), as the same may be amended from time to time.

C. A permit may be renewed for a cannabis business located on a premises that is within a one thousand (1,000) foot radius of a school providing instruction in kindergarten or any grades 1 through 12, day care center, youth center, park, or church if: (1) the school, day care center, youth center, park, or church or religious facility located to the area after the permit was first issued; (2) the permit has not lapsed for any period of time; and (3) the cannabis

business was in continuous operation. For purposes of this section, a temporary interruption of business activity due to fire, natural disaster or other force majeure is excused provided reasonable steps are taken by the certificate holder to resume business operations expeditiously. The prior, temporary suspension of a cannabis regulatory permit does not render a permit ineligible for renewal under this section provided the applicant otherwise qualifies for renewal.

11.45.140 Community relations.

A. Each cannabis business must provide the city manager with the name, telephone number, and email address of an on-site community relations or staff person or other representative to whom the city can provide notice if there are operating problems associated with the cannabis business or refer members of the public who may have any concerns or complaints regarding the operation of the cannabis business.

B. Each cannabis business must also provide the above information to all businesses and residences located within one hundred (100) feet of the cannabis business.

C. During the first year of operation of a cannabis business authorized under this Chapter, the owner, manager, and community relations representative from each such cannabis business must attend a monthly meeting with the city manager and/or designee to discuss costs, benefits and other community issues arising as a result of implementation of the permit authorized by this Chapter. After the first year of operation, the owner, manager, and community relations representative from each such cannabis business must meet with the city manager and/or designee on a quarterly basis or as requested by the city manager or designee, with reasonable notice.

11.45.150 Employee background check required.

A. Pursuant to California Penal Sections 11105(b)(11) and 13300(b)(11), every person listed as an owner, manager, supervisor, employee, contract employee or who otherwise works in a cannabis business must submit fingerprints and any other information deemed necessary by the Chief of Police or his or her designee for a background check by the Police Department.

B. Before the date of hire of any employee or within 30 calendar days of issuance of a commercial cannabis business permit, whichever is later, the permittee shall identify each prospective employee and submit for each: the name, address, telephone number, title, primary responsibility(ies), and a valid government-issued form of identification, together with any other related information requested by the Chief of Police for the purpose of conducting mandatory background checks.

C. No person shall be permitted to work at a cannabis business until they have first cleared a background check. Evidence that a prospective employee has been convicted of any the following offenses shall be grounds for denial of employment. Employers who wish to hire an individual despite such conviction shall appeal to the Chief of Police, who at his or her sole discretion may issue a written waiver.

1. A violent or serious felony conviction, as specified in Penal Code Section 667.5(c) or Section 1192.7(c).

2. A felony conviction involving fraud, deceit, or embezzlement.

3. A felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling, any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.

4. A felony conviction for drug trafficking with enhancements pursuant to Health and Safety Code Section 11370.4 or 11379.8.

5. Conviction of illegal use, possession, transportation, distribution or similar activities related to controlled substances, as defined in the Federal Controlled Substances Act, not including cannabis-related offenses for which the conviction occurred after the passage of the Compassionate Use Act of 1996.

D. Violation of this section shall be grounds for immediate suspension of the cannabis business permit.

11.45.160 Operational standards.

A. A permit issued for a cannabis business must include, as conditions of approval, the operating standards set forth in this Section. In addition, the permit must incorporate by reference an operations plan approved by the police chief, that implements not only the operating standards set forth in this section, but such additional conditions that the police chief finds reasonably necessary to implement the purpose of this Chapter when considering the location, size and other characteristics of the proposed cannabis business.

B. All cannabis businesses must comply with all State laws and any regulations adopted by any licensing authority.

C. It is unlawful for smoking, vaporization, ingestion or consumption of cannabis in any form, or alcohol, to occur on the premises of the cannabis business, elsewhere on the same parcel, or in outdoor areas adjacent to the parcel (e.g., parking lots, walkways, sidewalks, streets, parks, etc.).

D. It is unlawful for cannabis or cannabis products or graphics depicting cannabis or cannabis products to be publicly visible from the exterior of the premises.

E. All cannabis businesses shall be conducted only in the interior of enclosed structures, facilities and buildings and all operations including the storage or cannabis or cannabis products, or the cultivation of cannabis plants at any stage of growth shall not be visible from the exterior of any structure, facility, or building. There shall be no outdoor storage of any kind associated with the cannabis business.

F. It is unlawful for any person to employ any other person at a cannabis business unless: (i) the person is at least twenty-one (21) years of age; and (ii) the person has passed a background check and, as established by the City Manager, an employee registration process.

G. Other than retailers selling medicinal cannabis, it is unlawful for any person under the age of twenty-one (21) to be present at the cannabis business site. A sign must be posted at each entrance to the cannabis business informing visitors of this restrictions.

H. Each entrance to a cannabis business must be posted with a conspicuous notice stating that smoking, vaping, ingesting, or otherwise consuming cannabis on the premises or in the areas adjacent to the cannabis business is prohibited, and that driving while under the influence of cannabis is also prohibited.

I. Odor control devices and techniques must be incorporated as needed in a cannabis business to ensure that odors from cannabis are not detectable outside of the cannabis business or in any tenant space or area adjacent to the cannabis business.

J. The City Manager, or his designee(s) may upon 24-hours notice, and during normal hours of operation, enter the cannabis business for the purpose of ascertaining compliance with the standards and regulations of this code. Such inspections shall be limited to observing the licensed premises for purposes of determining whether the cannabis business is being operated or maintained in compliance with this Code, state law, and other applicable laws and regulations. Any cannabis business licensed pursuant to this Chapter may be required to demonstrate, upon demand by the City that the source and quantity of any cannabis or cannabis products found upon the licensed premises is in full compliance with any applicable local or state law or regulation.

K. The cannabis business must provide the police chief, with the name and telephone number of an on-site employee or owner to whom emergency notice can be provided. The telephone number provided must be capable of accepting recorded voice messages in the event the contact person does not answer.

L. A permittee shall not sublet the premises.

M. All agents, officers, or other persons acting for or employed by a cannabis business shall display an identification badge issued by the City at all times while engaging in commercial cannabis activity. The identification badge shall, at a minimum, include the cannabis business's "doing business as" name and city business license number, the employee's first name, an employee number exclusively assigned to that employee for identification purposes, and a color photograph of the employee that clearly shows the full front of the employee's face and that is at least 1 inch in width and 1.5 inches in height.

N. The applicant shall ensure all employees involved with the sales and identification checks for the purpose of any sales of cannabis and cannabis products are trained in the proper procedures and identification checks. Training shall be approved by the City Manager or his or her designee. Training must be completed prior to the opening of the business and periodic updated training when new employees/ management are hired. All new employees must be trained before they engage in any sales related activities on the premises.

O. A manager shall be on the site at all times that any other person, except a security guard, is on the site.

P. All cannabis business must comply with the following security related requirements:

1. All interior spaces of the cannabis business which are open and accessible to the public, and all entrances and exits to and from the premises, must be monitored by twenty-four (24) hour video security surveillance of at least HD quality with night vision capability. The video security system must be compatible with software and hardware utilized by the city as determined by the Police Chief and set forth in the operations plan. Surveillance video must be recorded to a device that is securely located on the premises and all footage must be maintained for a minimum of forty-five (45) days. The video surveillance system specifications must be set forth in the operations plan before the city issues a certificate of occupancy for the cannabis business. Each premises shall have a digital audio/video surveillance system with a minimum camera resolution of 1280 x 720 pixels. Each camera shall be permanently mounted and in a fixed location. Cameras shall be placed to allow the recording of the following, at a minimum, and allow for the clear and certain identification of any person and activities in all areas required to be filmed: (i) activity occurring within 20 feet of all points of entry and exit on the premises, (ii) areas where cannabis or cannabis goods are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the premises, and (iii) retailers shall record point-of-sale areas and areas where cannabis goods are displayed for sale on the video surveillance system. The physical media or storage device on which surveillance recordings are stored shall be secured in a manner to protect the recording from tampering, fire, or theft. Surveillance recordings are subject to inspection by the City, and shall be kept in a manner that allows the City to view and obtain copies of the recordings at the licensed premises upon not less than 24 hours advance notice. The permittee shall also send or otherwise provide copies of the recordings to the City upon reasonable notice by the City. The video surveillance system shall be equipped with a battery backup system capable of sustaining system operations in the case of an energy failure.

2. For cultivation facilities, manufacturing facilities, testing laboratories, and distribution facilities, the premises shall have an area designed for the secure transfer of cannabis and cannabis products off the premises. For retailers, the premises shall have an area designed for the secure receipt of cannabis and cannabis products, as well as the delivery of cannabis and cannabis products.

3. All points of ingress and egress to a premises shall ensure the use of commercial-grade, nonresidential door locks or window locks.

4. A cannabis business must have a professionally installed, maintained, and monitored alarm system as approved through the operations plan.

5. A permittee that is engaged in retail sales, cultivation, distribution, or manufacturing shall hire or contract for 24-hour security personnel to provide security services for the premises. All security personnel hired or contracted for by the cannabis business shall comply with Chapters 11.4 and 11.5 of Division 3 of the Business and Professions Code.

6. Sensors shall be installed to detect entry and exit from all secure areas and shall be monitored in real time by a security company licensed by the State Bureau of Security and Investigative Services.

7. Panic buttons shall be installed in all commercial cannabis businesses with direct notification to the Police Department dispatch and shall be configured to immediately alert dispatch for the Police Department.

Q. All cannabis businesses shall comply with the track and trace system established by the State of California and as further described in Sections 5048 through 5052, inclusive, of Title 16 of the California Code of Regulations, as the same may be amended from time to time.

R. Business signage shall be limited to the name of the cannabis business only, shall be in compliance with the City's sign code, and shall contain no advertising of any companies, brands, products, goods, or services.

S. A sign shall be posted in a conspicuous place near each point of public access which shall be not less than twelve (12) inches wide and twelve (12) inches long, composed of letters not less than one inch in height, stating "All Activities Monitored by Video Camera."

T. Each cannabis business shall have in place a point-of-sale or management inventory tracking system to track and report on all aspects of the commercial cannabis business including, but not limited to, such matters as cannabis tracking, inventory data, gross sales (by weight and by sale) and other information which may be deemed necessary by the City. The cannabis business shall ensure that such system is compatible with the City's record-keeping systems, and can produce historical transactional data for review. The system must be approved by the City Manager prior to being used by the permittee.

U. No cannabis business may be operated in a manner that constitutes a public nuisance.

11.45.170 Operational standards for retailers.

A. A permit for a retailer is subject to all of the regulations and operational standards set forth in this Section and Section 11.45.160 in addition to the conditions stated in the permit itself.

B. Except as otherwise provided, a retailer can only be open for access to the public between the hours of 9:00 a.m. and 9:00 p.m.

C. It is unlawful for alcohol or tobacco or tobacco vaping products to be sold within the facility.

D. All cannabis and cannabis products allowed to be sold or otherwise made available at a retailer must be cultivated, manufactured, distributed and transported by licensed facilities that maintain operations in full conformance with State and local regulations including, without limitation, certification by a testing laboratory as required by applicable law.

E. There shall be a ratio of one employee for every customer that is purchasing cannabis or cannabis products. To ensure that this ratio is met, there shall be a lobby/waiting room where customers must wait until they are escorted by the employee to view the cannabis or cannabis products.

F. It is unlawful for any person under the age of twenty-one (21) to be allowed into any area of a retailer where adult-use cannabis and cannabis products are being offered for sale. It is unlawful for any person under the age of eighteen (18) to be allowed into any area of a retailer where medicinal cannabis or medicinal cannabis products are displayed and/or being offered for sale unless that person is (1) a qualified patient or has a valid identification card, or (2) is named as a designated primary caregiver on a valid identification card, together with proof of identity. A sign must be posted at each entrance to a sales/display area of the facility informing patrons of these restrictions.

G. Retailers shall verify the age and all necessary documentation of each potential customer to ensure they are not under the age of 18. If the potential customer is 18 to 20 years old, the retailer shall confirm the customer's possession of a valid physician's recommendation and/or Medical Marijuana Card. Before selling medicinal cannabis or medicinal cannabis products to any person, the retailer must verify that the person possesses proof of identity, proving their identity as the patient specified in the recommendation or as the primary caregiver. Physician's recommendations are not to be obtained or provided at the retail location. For adult-use purchases, retailers shall verify that all customers are at least 21 years old. Retailers shall require customers to show their identification and any necessary documentation in order to gain access to the retailer and at the point of sale station at the time of purchase.

H. Entrances into any area of a retailer where cannabis products are displayed and/or being offered for sale must be locked at all times with entry strictly controlled. A "buzz-in" electronic/mechanical entry system must be utilized to limit access to such areas and to separate them from the outside and/or any adjacent reception/lobby area. The specifics of such entry system must be set forth in the operations plan.

I. Uniformed security personnel must be employed to monitor all entrances and exits of the retailer and to serve as a visual deterrent to unlawful activities during all hours of operation. Every security guard employed by or provided by the retailer must be currently licensed by the California Bureau of Security and Investigative Services and in possession of a valid "guard card." The number of such security personnel must be set forth in the operations plan.

J. All restroom facilities serving a retailer must remain locked and under the control of management.

K. It is unlawful for any person within a retailer to provide cannabis or cannabis products to any individual in a quantity not consistent with personal use.

L. A retailer cannot store more than two hundred dollars (\$200.00) in cash reserves overnight on the premises except as may be otherwise provided in the operations plan incorporated as a condition of approval in the permit.

N. The retailer shall comply with Health and Safety Code Section 113700 et seq. The Riverside County Department of Environmental Health may inspect the retailer at any time during business hours to ensure compliance with this subsection.

O. Retailers shall only serve customers who are within the licensed premises, or at a delivery address that meets the requirements of this chapter.

P. The sale and delivery of cannabis goods shall not occur through a pass-through window or a slide-out tray to the exterior of the premises.

Q. Retailers shall not operate as or with a drive-in or drive-through at which cannabis goods are sold to persons within or about a motor vehicle.

R. No cannabis goods shall be sold and/or delivered by any means or method to any person within a motor vehicle.

S. All cannabis goods sold by a retail business shall be contained in child-resistant packaging.

11.45.180 Operational standards for cultivation facilities.

A. A permit for a commercial cultivation facility is subject to all of the regulations and operational standards set forth in this Section and Section 11.45.160 in addition to the conditions stated in the permit itself.

B. Outdoor cultivation of cannabis by a cultivation facility is prohibited in all areas of the City.

C. The cultivation facility can have only one (1) contiguous cultivation area, except that segregated areas within the facility are permitted with the police chief's approval and the approval of the fire chief regarding fire code issues.

D. It is unlawful to use flammable or explosive substances in the cultivation of cannabis.

E. Facilities engaged in cultivation must follow all pesticide use requirements of local, state and federal law.

F. The operations plan must include a detailed electrical and plumbing plan, along with projections for water usage.

G. All cultivation activity must be conducted in compliance with all applicable state and local water conservation laws, ordinances, and regulations.

H. Entrances into any area of a cannabis cultivation facility where cannabis is grown or kept must be locked at all times with entry strictly controlled. The specifics of such entry system must be set forth in the operations plan.

I. A cannabis cultivation facility must be equipped with an automated fire suppression system to the satisfaction of the Building Official.

J. Except as expressly approved as part of the operations plan and incorporated in a permit, it is unlawful for any cannabis cultivation facility to use, employ, or maintain any equipment, system, material or apparatus for the purpose of increasing the ambient carbon dioxide levels within any grow area.

11.45.190 Operational standards for manufacturing facilities.

A. A permit for a manufacturing facility is subject to all of the regulations and operational standards set forth in this Section and Section 11.45.160 in addition to the conditions stated in the permit itself.

B. The manufacture of cannabis products must be undertaken in a manner that ensures the health, safety, and welfare of the public, the employees of the manufacturing business, visitors, and neighboring properties, and must be in full compliance with State law.

C. All manufacturing must be conducted in compliance with all applicable state and local water conservation laws, ordinances, and regulations.

D. Entrances into any area of a cannabis manufacturing facility where cannabis products are made or kept must be locked at all times with entry strictly controlled. The specifics of such entry system must be set forth in the operations plan.

E. It is unlawful for cannabis manufacturing facility to be open to the public.

F. Any compressed gases used in the manufacturing process shall not be stored in containers that exceed one hundred fifty (150) pound tanks in size. Each facility shall be limited to a total of eight (8) tanks on the property at any time.

G. Cannabis manufacturing facilities are limited to the following methods, equipment, solvents, gases and mediums when creating cannabis extracts:

1. Cannabis manufacturing facilities may use the hydrocarbons N-butane, isobutane, propane, or heptane or other solvents or gases exhibiting low to minimal potential human-related toxicity approved by the director. These solvents must be of at least ninety-nine (99) percent purity and any extraction process must use them in a professional grade closed loop extraction system designed to recover the solvents, work in an environment with proper ventilation, controlling all sources of ignition where a flammable atmosphere is or may be present.

2. Any extraction processes must use a professional grade closed loop CO gas extraction system where every vessel is rated to a minimum of six hundred (600) pounds per square inch. The CO must be of at least ninety-nine (99) percent purity.

3. Closed loop systems for hydrocarbon or CO extraction systems must be commercially manufactured and bear a permanently affixed and visible serial number.

4. Certification from a licensed engineer must be provided to the Community Development Department for professional grade closed loop systems used by any cannabis manufacturing or mechanized testing system to certify that the system was commercially manufactured, safe for its intended use, and built to codes of recognized and generally accepted good engineering practices, such as: (i) the American Society of Mechanical Engineers (ASME); (ii) the American National Standards Institute (ANSI); (iii) Underwriters Laboratories (UL); or (iv) the American Society for Testing and Materials (ASTM).

5. The certification document must contain the signature and stamp of a professional engineer and serial number of the extraction unit being certified.

6. Professional closed loop systems, other equipment used, the extraction operation, and facilities must be approved for their use by the Fire Department and meet any required fire, safety, and building code requirements specified in the California Building Reference Codes.

H. Cannabis manufacturing facilities may use heat, screens, presses, steam distillation, ice water, and other methods without employing solvents or gases to create kief, hashish, bubble hash, or infused dairy butter, or oils or fats derived from natural sources, and other extracts.

I. Cannabis manufacturing facilities may use food grade glycerin, ethanol, and propylene glycol solvents to create extracts. All ethanol must be removed from the extract in a manner to recapture the solvent and ensure that it is not vented into the atmosphere.

J. Cannabis manufacturing facilities creating cannabis extracts must develop standard operating procedures, good manufacturing practices, and a training plan prior to producing extracts for the marketplace. Any person using solvents or gases in a closed looped system to create cannabis extracts or otherwise in a testing or manufacturing facility must be fully trained on how to use the system, have direct access to applicable material safety data sheets and handle and store the solvents and gases safely.

K. Parts per million for one (1) gram of finished extract produced in a manufacturing facility cannot exceed five hundred (500) parts per million of residual solvent or gas when quality assurance tested.

11.45.200 Operational standards for testing laboratories.

A. A permit for a testing laboratory is subject to all of the regulations and operational standards set forth in this Section and Section 11.45.150 in addition to the conditions stated in the permit itself.

B. Testing laboratories shall be required to conduct all testing in a manner pursuant to Business and Professions Code Section 26100 and shall be subject to state and local law. Each testing laboratory shall be subject to additional regulations as they are developed or modified by the State of California.

C. Testing laboratories shall conduct all testing in a manner consistent with general requirements for the competence of the testing and calibration activities, including a sampling using verified methods, pursuant to Section 26100(f).

D. All cannabis testing laboratories performing testing shall obtain and maintain ISO/IEC 17025 accreditation as required by the state, pursuant to Section 26100(g).

E. Testing laboratories shall destroy the remains of the sample cannabis or cannabis products upon the completion of the analysis as determined by the state through regulations, pursuant to Section 26100(i).

F. Testing laboratories shall dispose of any waste byproduct resulting from their operations in the manner required by state and local laws and regulations.

11.45.210 Operational standards for distribution facilities.

A. A permit for a distribution facility is subject to all of the regulations and operational standards set forth in this Section and Section 11.45.160 in addition to the conditions stated in the permit itself.

B. The transportation of cannabis or cannabis products shall only be conducted by persons holding a distribution certificate or employee of those persons.

C. Transportation safety standards, in addition to those imposed by the State of California, shall approved by the Chief of Police including without limitations, the type of vehicles in which cannabis or cannabis product may be distributed, and minimal qualification for persons eligible to operate such vehicles.

D. A person holding a distribution certificate shall observe all security manifest, and notice requirements of Business and Professions Code Section 26070.

11.45.220 Changes in business location or permit information.

A. A permit is non-transferable to another location and may not otherwise be modified, except in accordance with this section. Failure to comply with this section is grounds for permit revocation.

B. At least 60 calendar days prior to an anticipated change to the location of the cannabis business, the permittee shall file a new application form. The applicant will also be required to obtain a new conditional use permit for the new location. If the applicant is a retailer and wants to move to a new location, the regulatory permit application will be denied unless the retailer agrees to the voluntary revocation of the prior issued conditional use permit if the new conditional use permit is issued.

C. The permittee shall file an updated application form with the City Manager at least 30 calendar days prior to an anticipated change to any other information listed in the permit application, including but not limited to a change in contact information, change in trade

name, or change in the security plan; provided, however, that a change in ownership shall comply with Section 11.45.230.

D. Any application for a permit amendment shall be accompanied by a permit amendment fee, in the amount established by the City Council.

11.45.230 Transfer of cannabis regulatory permit.

A. A cannabis regulatory permit is non-transferable to any other person except in accordance with this section. Any attempt to transfer a cannabis regulatory permit without complying with this section shall be deemed void and is grounds for permit revocation.

B. Prior to any transfer or change in ownership of a commercial cannabis business permit, the permittee shall file a new application with the City Manager. The application shall be accompanied by a transfer fee in an amount set by resolution of the City Council (or if not set, shall be the same amount as an application fee).

C. The City Manager shall review the application to determine whether the new owner(s) meet the minimum permit eligibility criteria. If the transfer involves a substantial change in ownership, the City Council shall approve or deny the transfer pursuant to the procedures for approval of a new permit application. A “substantial change in ownership” shall mean any change in the permittee’s business structure or ownership of the business entity that results in a change of more than 51% of the original ownership. A transferred permit shall be valid for a period of one year from the date of the City Council’s approval.

D. Notwithstanding the above, a permittee may change the form of business entity without applying for a permit transfer in either of the following scenarios, provided that the permittee notifies the City Manager in writing of the change within 10 days of the date the change takes effect:

1. The ownership of the new business entity is substantially similar to original permittee business entity (at least 51% of the ownership is identical); or

2. If the original permittee is an unincorporated association, mutual or public benefit corporation, agricultural or consumer cooperative corporation and subsequently transitions to or forms a new business entity as allowed under MAUCRSA, provided that the Board of Directors (or in the case of an unincorporated association, the individual(s) listed on the City permit application) of the original permittee entity are the same as the new business entity.

E. No commercial cannabis business permit may be transferred when the permittee has been notified that its permit has been or may be suspended or revoked.

11.45.240 Regulatory permit renewal.

A. The City Manager shall approve or conditionally approve an application to renew a commercial cannabis business permit, except where one or more of the following conditions exist:

1. The application is filed less than 60 days before its expiration.
2. The cannabis regulatory permit is suspended or revoked at the time of the application.
3. The cannabis business has not been in regular and continuous operation in the 4 months prior to the renewal application
4. The cannabis business has failed to conform to the requirements of this Chapter, this Code, State law, any regulations adopted pursuant to this Chapter, or any permit conditions.
5. The permittee fails to or is unable to renew its State license.

B. The City Manager may impose additional conditions on a renewal permit, if it is determined to be necessary to ensure compliance with State or local laws and regulations, or to preserve the public health, safety or welfare.

C. If the City Manager denies the application for renewal, he or she shall specify in writing the reasons for the denial and notify the applicant that the decision shall become final unless the applicant files an appeal pursuant to Section 11.45.280 of this Chapter.

11.45.250 Enforcement of permits.

A. In addition to other remedies set forth in this code, violations of this Chapter may be prosecuted as infractions or misdemeanors at the City Attorney's discretion and may be abated as public nuisances. The remedies provided in this Chapter are cumulative and are in addition to any other criminal or civil remedies. Violations of this Chapter include: (i) violation of the provisions of this Chapter; (ii) violation of any administrative policy or procedure promulgated by the City Manager; (iii) violation of the terms and conditions of a permit, indemnification agreement, operations plan, or other permit or agreement associated with a cannabis business; and (v) violation of terms and conditions of a ministerial permit issued for cannabis cultivation for personal use.

11.45.260 City Attorney enforcement authority.

A. In addition to any other general functions, powers, and duties given to the City Attorney by this code or California law, the City Attorney is authorized to:

1. Initiate and prosecute on behalf of the people all criminal and civil cases for violations of this Chapter including, without limitation, administrative or judicial nuisance abatement and suits for injunctive relief;
2. Initiate and prosecute all actions for the recovery of fines, penalties, forfeitures, and other money accruing to the city under this Chapter.

11.45.270 Administrative suspension and revocation.

A. Suspension or Revocation. In addition to any other penalty authorized by law, the City Manager may suspend or revoke a permit for the following reasons:

1. Upon learning that an applicant provided false, misleading or materially incomplete information in connection with its application for a permit or discovering facts that require denial of an application for a permit under this Chapter that were not previously disclosed by the applicant; or

2. Upon occurrence of a violation under this Chapter.

B. Notice of Suspension or Revocation. If the City Manager elects to suspend or revoke a permit, the City Manager shall provide written notice of suspension or revocation to the holder of the permit at the address of the cannabis business. The notice shall state the basis for the suspension or revocation and provide information regarding the right to appeal. Unless the City Manager determines there is an imminent threat to public health, safety and welfare and makes the suspension or revocation effective immediately, suspension or revocation of the permit shall not become effective until the time for filing an appeal has passed or, if an appeal is timely filed, until the City Council has rendered a final decision on the appeal.

11.45.280 Appeal of notice of suspension or revocation, or denial of permit renewal or transfer, or change in location.

A. A notice of suspension or revocation of a permit, or denial of permit renewal or transfer, or denial of change of location request may be appealed to the City Council, provided that the appeal is filed with the City Clerk within ten (10) calendar days from the date on which the written notice of suspension or revocation, or denial of permit renewal was mailed to the permit holder pursuant to the provisions of accompanied by the appeal fee as adopted by resolution of the City Council.

B. The notice of appeal shall be in writing and signed by the person making the appeal (“appellant”), or their legal representative, and shall contain the following:

1. Name, address, and telephone number of the appellant.
2. Specify decisions, actions, or a particular part thereof, made that are the subject of the appeal.
3. Include a true and correct copy of the notice issued by the City Manager for which the appellant is appealing.
4. State with specificity the reasons and grounds for making the appeal, including, but not limited to, a statement of facts upon which the appeal is based in sufficient detail to enable the City Council to understand the nature of the controversy, the basis of the appeal, and the relief requested.

5. All documents or other evidence pertinent to the appeal that the appellant requests the hearing officer or body to consider at the hearing.

6. An appeal fee, as established by Resolution of the City Council.

C. Where a permittee timely files a notice of appeal under this Section, the decision of the City Manager shall not become effective until a final decision has been rendered and issued on the appeal by the City Council, unless the City Manager makes a finding in the written notice to the permittee that a serious health and/or safety risk exists if the cannabis business continues to operate while the appeal is pending.

D. If no appeal is timely filed in the event of a decision of nonrenewal, the cannabis business permit shall expire at the conclusion of the term of the permit.

E. Upon receipt of a timely-filed notice of appeal, the City Clerk shall set the matter for hearing before the City Council. The hearing shall be scheduled within a reasonable time after receipt of the notice of appeal, but in no event later than 45 business days after filing. The appellant(s) listed on the notice of appeal shall be notified in writing of the date, time, and location of the hearing at least 10 days prior to the hearing date.

F. Any request by an appellant to continue a hearing must be submitted to the City Clerk in writing no later than 3 business days before the date scheduled for the hearing. The City Council may continue a hearing for good cause or on its own motion; however, in no event may the hearing be continued for more than 30 calendar days, unless approved by the appellant and the City Council.

G. The City Council shall hear the matter de novo and shall conduct the hearing pursuant to procedures established by the City Council. The appellant may present any information it deems relevant to the decision appealed. The formal rules of evidence and procedure applicable in a court of law shall not apply. The City may, at its discretion, record the hearing by stenographer or court reporter, audio recording, or video recording. If the appellant requests that such recording take place, the costs of the recording shall be deposited with the City at the time the notice of appeal and appeal fee are submitted to the City.

H. If the appellant, or their legal representative, fails to appear at the hearing, the City Council may cancel the hearing and send a notice thereof by first class mail. A cancellation of a hearing due to non-appearance shall constitute the appellant's waiver of the right to appeal and a failure to exhaust all administrative remedies. In such instances, the City Manager's notice of decision is final and binding.

I. Following the conclusion of the hearing, the City Council may affirm, reverse or modify the decision appealed. The decision of the City Council shall be issued in writing and served by first class mail on the appellant. If the appellant is not the owner of the real property in which the commercial cannabis business is located, or proposed to be located, a copy of the final decision may also be served on the property owner by first class mail to the address shown on the last equalized assessment roll. Failure of a person to receive a properly addressed final decision shall not invalidate any action or proceeding by the City pursuant to this Chapter.

J. After the deadline to appeal has passed, the decision to suspend or revoke the permit shall be deemed final, and may no longer be appealed.

11.45.290 Right to judicial review.

A final decision of the City Council may be judicially reviewed pursuant to Code of Civil Procedure Section 1094.6.

11.45.300 No new permit after revocation.

Should a permit be revoked, the former holder of the permit is presumptively disqualified to apply for a new permit in accordance with this Chapter. This presumption may be overcome upon a showing of good cause as to why a permit should be issued following a revocation. Any such showing must be made to the director's satisfaction.

11.45.310 Attorney's fees in nuisance abatement action.

If the court issues an order or a judgment which finds a public nuisance to exist, and orders or approves the abatement of the public nuisance, the prevailing party is entitled to recover reasonable attorneys' fees incurred in litigation, provided however, the amount shall not exceed the attorney fees incurred by the City in the judicial proceeding.

11.45.320 Remedies cumulative.

The remedies provided by this Chapter are cumulative and in addition to any other criminal or civil remedies including, without limitation, those set forth elsewhere in this Code.

11.45.330 City Council May Amend.

The City Council is authorized to amend Sections 11.45.160 through 11.45.280 by ordinance.”

SECTION 4. Section 9.10.805 (Marijuana cultivation.) of Chapter 9.10 (Definitions) of Title 9 (Planning and Zoning) of the Jurupa Valley Municipal Code is hereby renamed as “cannabis cultivation.”

SECTION 5. Section 9.10.890 (Medical marijuana dispensary.) of Chapter 9.10 (Definitions) of Title 9 (Planning and Zoning) of the Jurupa Valley Municipal Code is hereby deleted.

SECTION 6. Section 9.35.030 (Uses allowed in zone classifications.) of Chapter 9.35 (Zone Classifications) of Title 9 (Planning and Zoning) of the Jurupa Valley Municipal Code is hereby amended to read as follows:

“The terminology used in Section 9.35.010 is general only and is not intended to be descriptive of all uses allowed in the zone classifications. The zone classifications are specifically set forth in this chapter to which reference should be made to determine all the uses permitted therein. When a use is not specifically listed as permitted or conditionally permitted in a zone

classification, the use is prohibited unless, in circumstances where this chapter empowers him to do so, the Planning Director makes a determination that the use is substantially the same in character and intensity as those uses permitted or conditionally permitted in the zone classification.”

SECTION 7. Section 9.35.040 (Marijuana Cultivation prohibited.) of Chapter 9.35 (Zone classifications) of Title 9 (Planning and Zoning) of the Jurupa Valley Municipal Code are hereby renamed as “Cannabis cultivation for personal use” and is amended to read as follows:

“Except as set forth in Section 9.243.020, cannabis cultivation is prohibited in all zone classifications and no permit of any type shall be issued therefor. There shall be a limited exemption from enforcement for violations of this section for cannabis cultivation in the following zone classifications in conjunction with a one-family detached dwelling if such cannabis cultivation complies with the conditions and standards set forth in Section 11.28.070 of the Jurupa Valley Municipal Code: Light Agriculture (A-1), Heavy Agriculture (A-2), Light Agriculture with Poultry (A-P), Citrus Vineyard (C/V), Natural Assets (N-A), One-Family Dwellings (R-1), One-Family Dwellings Mountain Resort (R-1A), Multiple-Family Dwellings (R-2), Limited Multiple-Family Dwellings (R-2A), General Residential (R-3), Village Tourist Residential (R-3A), Planned Residential (R-4), Residential Incentive (R-6), Residential Agricultural (R-A), Regulated Development (R-D), Rural Residential (R-R), Mobile Home Subdivisions and Mobile Home Parks (R-T), Mobile Home Subdivision Rural (R-T-R), Controlled Development Areas (W-2), Controlled Development Area with Mobile Homes (W-2-M), and Specific Plan (SP) when the underlying zone classification for that particular SP is one (1) of the other zone classifications identified in this section.”

SECTION 8. Section 9.35.050 (Prohibition on commercial cannabis activity.), and Section 9.35.060 (Exempted commercial cannabis activity) of Chapter 9.35 (Zone classifications) of Title 9 (Planning and Zoning) of the Jurupa Valley Municipal Code are hereby repealed.

SECTION 9. Chapter 11.28 (Cannabis Prohibitions and Regulations) of Title 11 (Peace, Morals and Safety) of the Jurupa Valley Municipal Code is hereby renamed as “Cannabis Use and Personal Cultivation.”

SECTION 10. Paragraph 9 of Section 11.28.010 (Findings and purpose.) of Chapter 11.28 (Cannabis Use and Personal Cultivation) of Title 11 (Peace, Morals and Safety) is hereby repealed.

SECTION 11. Section 11.28.030 (Definitions.) of Chapter 11.28 (Cannabis Use and Personal Cultivation) of Title 11 (Peace, Morals and Safety) is hereby amended to delete the definition of “commercial cannabis activity”.

SECTION 12. Section 11.28.040 (Commercial cannabis activity prohibited.) of Chapter 11.28 (Cannabis Use and Personal Cultivation) of Title 11 (Peace, Morals and Safety) of the Jurupa Valley Municipal Code is hereby repealed.

SECTION 13. Section 11.28.050 (Cannabis cultivation prohibited.) of Chapter 11.28 (Cannabis Use and Personal Cultivation) of Title 11 (Peace, Morals and Safety) is hereby amended to change all references in Subsections A and B from “Section 11.28.070” to “Section 11.28.050” and to add a new Subsection “D” to read as follows:

“D. This Section shall only govern cannabis cultivation (1) for personal use by persons 21 years of age or older, (2) by qualified patients for their own personal use, or (3) by primary caregivers for use by qualified patients. This Section does not apply to commercial cannabis cultivation which is governed by Chapter 11.45.”

SECTION 14. Section 11.28.060 (Medical marijuana dispensaries.) of Chapter 11.28 (Cannabis Use and Personal Cultivation) of Title 11 (Peace, Morals and Safety) of the Jurupa Valley Municipal Code is hereby repealed.

SECTION 15. Section 11.28.070 (Limited exemption from enforcement.) of Chapter 11.28 (Cannabis Use and Personal Cultivation) of Title 11 (Peace, Morals and Safety) of the Jurupa Valley Municipal Code is hereby amended to change the reference in Subsection A from “Section 11.28.070” to “Section 11.28.050”, and to renumber Section 11.28.070 as Section 11.28.050. All subsequent Sections shall be consecutively renumbered.

SECTION 16. Severability. If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance for any reason is held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The voters hereby declare that they would have adopted this Ordinance, and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

SECTION 17. California Environmental Quality Act

A. This Ordinance is not subject to the California Environmental Quality Act (“CEQA”) pursuant to the State CEQA Guidelines Section 15060(c)(3), because it is not a project as defined by the CEQA Guidelines Section 15378. Adoption of the Ordinance does not have the potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Further projects subject to the Ordinance will require a discretionary permit and CEQA review, and will be analyzed at the appropriate time in accordance with CEQA.

B. This Ordinance is exempt from review under the CEQA and the State CEQA Guidelines Section 15061(b)(1) which exempts a project from CEQA if the project is exempt by statute. Business and Professions Code Section 26055(h) provides that Division 13 (commencing with Section 21000) of the Public Resources Code does not apply to the adoption of an ordinance, rule, or regulation by a local jurisdiction that requires discretionary review and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity. Pursuant to that exemption, Chapter 9.243 of the Jurupa Valley Municipal Code provides that conditional use permit applications for cannabis businesses must comply with

CEQA. Additionally, conditional use permits for cannabis businesses are subject to discretionary review by both the Planning Commission and the City Council.

C. City Staff shall file a Notice of Exemption.

SECTION 18. Effective Date. This Ordinance shall be considered as adopted upon the date the vote is declared by the legislative body, and shall go into effect November 4, 2020.

SECTION 19. Certification. The City Clerk shall certify to the passage and adoption of this Ordinance and shall cause this Ordinance to be published in accordance with the law.

PASSED AND ADOPTED by the People of the City of Jurupa Valley, State of California, at the General Municipal Election held on November 3, 2020.

**AN ORDINANCE OF THE PEOPLE OF THE CITY OF
JURUPA VALLEY, CALIFORNIA REPEALING CHAPTER
3.86 (CANNABIS BUSINESS TAX) OF TITLE 3 (REVENUE
AND FINANCE) OF THE JURUPA VALLEY MUNICIPAL
CODE AND REPLACING IT WITH NEW CHAPTER 3.86
PERTAINING TO CANNABIS BUSINESS TAX
REGULATIONS**

**THE PEOPLE OF THE CITY OF JURUPA VALLEY DO HEREBY ORDAIN AS
FOLLOWS:**

SECTION 1. Recitals.

A. On October 9, 2015, Governor Brown signed Assembly Bill 243, Assembly Bill No. 266, and Senate Bill 643 into law, which collectively were known as the Medical Cannabis Regulation and Safety Act (hereinafter "MCRSA"). The MCRSA established a State regulatory and licensing scheme for commercial medical cannabis businesses.

B. On November 8, 2016, California voters approved the Control, Regulate and Tax Adult Use of Marijuana Act ("AUMA"). The AUMA made it lawful under State and local law for persons 21 years of age or older to possess and cultivate limited quantities of cannabis for personal use. The AUMA also established a State regulatory and licensing scheme for commercial adult-use cannabis businesses.

C. On June 27, 2017, the Governor signed into law Senate Bill 94 which repealed the MCRSA, included certain provisions of the MCRSA in the licensing provisions of the AUMA, and created a single regulatory scheme for both medicinal and adult-use cannabis known as the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA"). The MAUCRSA retains the provisions in the MCRSA and the AUMA that granted local jurisdictions control over whether cannabis businesses could operate in a particular jurisdiction. Specifically, California Business and Professions Code section 26200 provides that the MAUCRSA shall not be interpreted to supersede or limit authority of a local jurisdiction to adopt and enforce local ordinances to regulate businesses licensed under the MAUCRSA including, but not limited to, local zoning and land use requirements, business license requirements, and requirements related to reducing exposure to secondhand smoke, or to completely prohibit the establishment or operation of one or more businesses licensed by the State, within that local jurisdiction.

D. In June 2018, Measure B was approved by the voters of Jurupa Valley prohibiting all commercial cannabis activity including cultivation, possession, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery, and sales of cannabis and cannabis goods in the City.

E. In November 2018, Measure L was approved by the voters of Jurupa Valley, which created an exemption from enforcement to allow commercial cannabis activity in the following areas of the City: (1) retail cannabis businesses would only be

allowed in the General Commercial (C-1/C-P) and Rubidoux Village Commercial (R-VC) zones, and (2) other commercial cannabis businesses would be allowed in the General Commercial (C-1/C-P), Rubidoux Village Commercial (R-VC), Manufacturing-Service Commercial (MS-C), and Business Park (B-P) zones.

F. Measure L established a cannabis tax in the following amounts:

1. Up to a maximum of three dollars (\$3) per square foot of space utilized in connection with the commercial cannabis activity, subject to adjustment by the City Council; and

2. Up to a maximum of twenty-five dollars (\$25) per square foot of space utilized in connection with retail cannabis sales, subject to adjustment by the City Council.

G. The voters of Jurupa Valley seek to require all cannabis businesses, as such term is defined in this Ordinance, to pay their fair share of taxes to fund vital City services.

H. Sections 37101 and 37100.5 of the California Government Code authorize the City to levy a tax on businesses operating in the City for revenue purposes.

I. The People further declare that this tax shall be levied for unrestricted general government purposes and shall be levied only if approved by the majority of the voters voting on this Ordinance at the November 3, 2020 General Municipal Election.

SECTION 2. Chapter 3.86 (Cannabis Business Tax) of Title 3 (Revenue and Finance) of the Jurupa Valley Municipal Code is hereby repealed in its entirety and replaced with a new Chapter 3.86 “Cannabis Business Tax” to read as follows:

“Chapter 3.86 Cannabis Business Tax

Sections:

3.86.010	Title.
3.86.020	Authority.
3.86.030	Purpose.
3.86.040	Intent.
3.86.050	Definitions.
3.86.060	Tax imposed.
3.86.070	Reporting and remittance of tax.
3.86.080	Payments and communications - timely.
3.86.090	Payment - when taxes deemed delinquent.
3.86.100	Notice not required by the city.
3.86.110	Penalties and interest.
3.86.120	Refunds and credits.
3.86.130	Refunds and procedures.
3.86.140	Personal cultivation not taxed.
3.86.150	Administration of the tax.

- 3.86.160 Appeals procedure.
- 3.86.170 Enforcement - action to collect.
- 3.86.180 Apportionment.
- 3.86.190 Constitutionality and legality.
- 3.86.200 Audit and examination of premises and records.
- 3.86.210 Other licenses, permits, taxes, fees or charges.
- 3.86.220 Payment of tax does not authorized unlawful business.
- 3.86.230 Deficiency determination.
- 3.86.240 Failure to report-Nonpayment, fraud
- 3.86.250 Tax assessment-Notice requirements.
- 3.86.260 Tax assessment-Hearing, application and determination.
- 3.86.270 Conviction for violation-Taxes not waived.
- 3.86.280 Violation deemed a misdemeanor.
- 3.86.290 Severability.
- 3.86.300 Remedies cumulative.

3.86.010 Title.

This chapter is designated and shall be known as the cannabis business tax ordinance.

3.86.020 Authority.

The purpose of this chapter is to establish a tax, for revenue purposes, pursuant to Sections 37101 and 37100.5 of the California Government Code, upon cannabis businesses that engage in business in the city. The cannabis business tax is levied based upon business gross receipts and square footage of canopy space. It is not a sales and use tax, a tax upon income, or a tax upon real property.

3.86.030 Purpose.

The cannabis business tax is a general tax enacted solely for unrestricted general revenue purposes, and not for specific purposes. All of the proceeds from the tax imposed by this chapter shall be placed in the city's general fund and be available for any legal municipal purpose.

3.86.040 Intent.

The intent of this chapter is to levy a tax on all cannabis businesses that operate in the city, regardless of whether such business would have been legally operating at the time the cannabis business tax was adopted. Nothing in this chapter shall be interpreted to authorize or permit any business activity that would not otherwise be legal or permissible under laws applicable to the activity at the time the activity is undertaken, including, but not limited to, the conduct or continuance of any illegal business or of a legal business in an illegal manner.

3.86.050 Definitions.

The following words and phrases shall have the meanings set forth below when used in this chapter:

A. "Business" shall include all activities engaged in or caused to be engaged in within the city, including any commercial or industrial enterprise, trade, profession, occupation, vocation, calling, or livelihood, whether or not carried on for gain or profit, but shall not include the services rendered by an employee to his or her employer.

B. "Cannabis" means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. "Cannabis" also means the separated resin, whether crude or purified, obtained from cannabis. "Cannabis" also means marijuana as defined by Section 11018 of the California Health and Safety Code and is not limited to medical cannabis.

C. "Cannabis product" means cannabis that has undergone a process whereby the plant material has been transferred into a concentrate including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis or other ingredient.

D. "Canopy space" means all areas occupied by any portion of a cannabis plant whether contiguous or noncontiguous on any one site. When cannabis plants occupy multiple horizontal planes (as when plants are placed on shelving above other plants) each plane shall be counted as a separate canopy area.

E. "Cannabis business" means a retailer, cultivation facility, distribution facility, manufacturing facility, or a testing laboratory. "Cannabis business" also means any business activity involving cannabis, including, but not limited to, cultivating, transporting, distributing, manufacturing, compounding, converting, processing, preparing, storing, packaging, delivering, testing, dispensing, retailing and wholesaling of cannabis, of cannabis products or of ancillary products and accessories, whether or not carried on for gain or profit.

F. "Cannabis business tax" or "business tax" means the tax due pursuant to this chapter for engaging in cannabis business in the city.

G. "Cannabis cultivation" means cultivation in the course of conducting a cannabis business.

H. "Cultivation" means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.

I. "Cultivation facility" means a location where cannabis is planted, grown, harvested, dried, cured, graded, or trimmed, or a location where any combination of those activities occurs.

J. "Distribution" means the procurement, sale and transport of cannabis and cannabis products between licensees.

K. "Distribution facility" means a business that transports cannabis goods between licensees, arranging for testing of cannabis goods, and conducts quality assurance review of cannabis goods to ensure compliance with all packaging and labeling requirements.

L. "Employee" means each and every person engaged in the operation or conduct of any business, whether as owner, member of the owner's family, partner, associate, agent, manager or solicitor, and each and every other person employed or working in such business for a wage, salary, commission, barter or any other form of compensation.

M. "Engaged in business as a cannabis business" means the commencing, conducting, operating, managing or carrying on of a cannabis business, whether done as owner, or by means of an officer, agent, manager, employee, or otherwise, whether operating from a fixed location in the city or coming into the city from an outside location to engage in such activities. A person shall be deemed engaged in business within the city if:

1. Such person or person's employee maintains a fixed place of business within the city for the benefit or partial benefit of such person;

2. Such person or person's employee owns or leases real property within the city for business purposes;

3. Such person or person's employee regularly maintains a stock of tangible personal property in the city for sale in the ordinary course of business;

4. Such person or person's employee regularly conducts solicitation of business within the city; or

5. Such person or person's employee performs work or renders services in the city.

The foregoing specified activities shall not be a limitation on the meaning of "engaged in business."

N. "Evidence of doing business" means evidence such as, without limitation, use of signs, circulars, cards or any other advertising media, including the use of internet or telephone solicitation, or representation to a government agency or to the public that such person is engaged in a cannabis business in the city.

O. "Fiscal year" means July 1 through June 30 of the following calendar year.

P. "Gross receipts," except as otherwise specifically provided, means, whether designated a sales price, royalty, rent, commission, dividend, or other

designation, the total amount (including all receipts, cash, credits and property of any kind or nature) received or payable for sales of goods, wares or merchandise or for the performance of any act or service of any nature for which a charge is made or credit allowed (whether such service, act or employment is done as part of or in connection with the sale of goods, wares, merchandise or not), without any deduction therefrom on account of the cost of the property sold, the cost of materials used, labor or service costs, interest paid or payable, losses or any other expense whatsoever. However, the following shall be excluded from gross receipts:

1. Cash discounts where allowed and taken on sales;
2. Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser;
3. Such part of the sale price of any property returned by purchasers to the seller as refunded by the seller by way of cash or credit allowances or return of refundable deposits previously included in gross receipts;
4. Receipts derived from the occasional sale of used, obsolete or surplus trade fixtures, machinery or other equipment used by the taxpayer in the regular course of the taxpayer's business;
5. Cash value of sales, trades or transactions between departments or units of the same business;
6. Whenever there are included within the gross receipts amounts which reflect sales for which credit is extended and such amount proved uncollectible in a subsequent year, those amounts may be excluded from the gross receipts in the year they prove to be uncollectible; provided, however, if the whole or portion of such amounts excluded as uncollectible are subsequently collected they shall be included in the amount of gross receipts for the period when they are recovered;
7. Receipts of refundable deposits, except that such deposits when forfeited and taken into income of the business shall not be excluded when in excess of one dollar;
8. Amounts collected for others where the business is acting as an agent or trustee and to the extent that such amounts are paid to those for whom collected. These agents or trustees must provide the finance department with the names and the addresses of the others and the amounts paid to them. This exclusion shall not apply to any fees, percentages, or other payments retained by the agent or trustees;
9. Retail sales of t-shirts, sweaters, hats, stickers, key chains, bags, books, posters or other personal tangible property which the tax administrator has excluded in writing by issuing an administrative ruling per Section 3.86.150 shall not be subject to the cannabis business tax under this chapter. However, any retail sales not subject to this chapter as a result of the administrative ruling shall be subject to the

appropriate business tax under Chapter 3.40 or any other chapter or title as determined by the tax administrator.

Q. "Manufacturing" means all aspects of the extraction process, infusion process, and packaging and labeling processes, including processing, preparing, holding, and storing of cannabis products. Manufacturing also includes any processing, preparing, holding, or storing of components and ingredients.

R. "Permit" means a cannabis regulatory permit issued by the City to a person to authorize that person to operate or engage in a cannabis business pursuant to Chapter 11.45 of the Jurupa Valley Municipal Code.

S. "Person" means an individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit, whether organized as a nonprofit or for-profit entity, and includes the plural as well as the singular number.

T. "Retailer" means a cannabis business that engages in the retail sale and delivery of cannabis and cannabis products to customers.

U. "Sale" means and includes any sale, exchange, or barter.

V. "State" means the State of California.

W. "State license" means a license issued by a State licensing authority for cannabis businesses. For cannabis retailers, distributors, microbusinesses and testing laboratories, the State license shall be issued by the Bureau of Cannabis Control. For commercial cannabis cultivation facilities, the State license shall be issued by the California Department of Food and Agriculture. For cannabis manufacturers, the State license shall be issued by the California Department of Public Health.

X. "Tax administrator" means the City Manager of the City of Jurupa Valley or his or her designee.

Y. "Testing laboratory" means a means a laboratory, facility, or entity in the city that offers or performs tests of cannabis or cannabis products and that is both of the following:

1. Accredited by an accrediting body that is independent from all other persons involved in commercial cannabis activity in the state.

2. Licensed by the Bureau of Cannabis Control.

3.86.060 Tax imposed.

A. There is imposed upon each person who is engaged in business as a cannabis business a cannabis business tax regardless if the business has been issued a permit to operate lawfully in the city or is operating unlawfully.

B. The rate of the cannabis business tax shall be as follows:

1. For every person who is engaged in cannabis cultivation in the city: \$10 per square foot of the space used as a cannabis cultivation area. For purposes of this subdivision (B)(1), the square feet of space used as a cannabis cultivation area shall be rebuttably presumed to be the maximum square footage of the area allowed by the business's city permit for cannabis cultivation. Should a city permit be issued to a business which cultivates only for certain months of the year, the city shall prorate the tax as to sufficiently reflect the period in which cultivation is occurring at the business. In no case shall square footage which is authorized by the city cannabis permit but not utilized for cultivation be deducted for the purpose of determining the tax for cultivation, unless the tax administrator is informed in writing and authorizes such reduction for the purpose of relief from the tax prior to the period for which the space will not be used, that such space will not be used.

2. For every person who engages in the operation of a testing laboratory: one percent (1%) of gross receipts.

3. For every person who engages in the retail sales of cannabis as a retailer: five percent (5%) of gross receipts.

4. For every person who engages in a cannabis distribution business: two percent (2%) of gross receipts.

5. For every person who engages in a cannabis manufacturing, processing, or any other type of cannabis business not described in subsection (B)(1), (2), (3) or (4): two and a half percent (2.5%) of gross receipts.

C. On July 1, 2021 and on each July 1 thereafter, the maximum annual tax rate per square foot of a cannabis cultivation business described in Subsection B.1 shall increase by the percentage change between January of the calendar year prior to such increase and January of the calendar year of the increase in the applicable consumer price index for all urban consumers in Riverside County ("CPI") as published by the United States Government Bureau of Labor Statistics. However, no CPI adjustment resulting in a decrease of any tax imposed by this subdivision shall be made.

3.86.070 Reporting and remittance of tax.

A. The cannabis business tax imposed by this chapter shall be paid, in arrears, on a quarterly basis. For cannabis cultivation, the tax due for each calendar quarter shall be based on the square footage of the cultivation facility's canopy space during the quarter and the rate shall be twenty-five percent (25%) of the applicable annual rate. For all other cannabis businesses activities, the tax due for each calendar quarter shall be based on the gross receipts for the quarter.

B. Each person owing cannabis business tax for a calendar quarter shall, no later than the last day of the month following the close of the calendar quarter, file with

the tax administrator a statement of the tax owed for that calendar quarter and the basis for calculating that tax. The tax administrator may require that the statement be submitted on a form prescribed by the tax administrator. The tax for each calendar quarter shall be due and payable on that same date as the statement for the calendar quarter is due.

C. Upon cessation of a cannabis business, tax statements and payments shall be immediately due for all calendar quarters up to the calendar quarter during which cessation occurred.

D. The tax administrator may, at his or her discretion, establish shorter report and payment periods for any taxpayer as the tax administrator deems necessary to ensure collection of the tax. The tax administrator may also require that a deposit, to be applied against the taxes for a calendar quarter, be made by a taxpayer at the beginning of that calendar quarter. In no event shall the deposit required by the tax administrator exceed the tax amount he or she projects will be owed by the taxpayer for the calendar quarter. The tax administrator may require that a taxpayer make payments via a cashier's check, money order, wire transfer, or similar instrument.

E. For purposes of this section, the square feet of canopy space for a business shall be rebuttably presumed to be no less than the maximum square footage of canopy allowed by the cannabis facility's conditional use permit for cannabis cultivation, or, in the absence of such a permit, the square footage shall be the maximum square footage of canopy for cannabis cultivation allowed by the State license type. In no case shall canopy square footage which is authorized by the permit or State license but not utilized for cultivation be excluded from taxation unless the tax administrator is informed in writing, prior to the period for which the space will not be used, that such space will not be used.

3.86.080 Payments and communications—Timely remittance.

Whenever any payment, statement, report, request or other communication is due, it must be received by the tax administrator on or before the final due date. A postmark will not be accepted as timely remittance. If the due date would fall on a Saturday, Sunday or a holiday, the due date shall be the next regular business day on which the city is open to the public.

3.86.090 Payment—When taxes deemed delinquent.

Unless otherwise specifically provided under other provisions of this chapter, the taxes required to be paid pursuant to this chapter shall be deemed delinquent if not received by the tax administrator on or before the due date as specified in Sections 3.86.070 and 3.86.080.

3.86.100 Notice not required by the city.

The tax administrator may as a courtesy send a tax notice to the business. However, the tax administrator is not required to send a delinquency or other notice or bill to any person subject to the provisions of this chapter. Failure to send such notice or bill shall not affect the validity of any tax or penalty due under the provisions of this chapter.

3.86.110 Penalties and interest.

A. Any person who fails or refuses to pay any cannabis business tax required to be paid pursuant to this chapter on or before the due date shall pay penalties and interest as follows:

1. A penalty equal to ten percent (10%) of the amount of the tax, in addition to the amount of the tax, plus interest on the unpaid tax calculated from the due date of the tax at the rate of one percent (1.0%) per month.

2. If the tax remains unpaid for a period exceeding one calendar month beyond the due date, an additional penalty equal to twenty-five percent (25%) of the amount of the tax, plus interest at the rate of one percent (1.0%) per month on the unpaid tax and on the unpaid penalties.

3. Interest shall be applied at the rate of one percent (1.0%) per month on the first day of the month for the full month, and will continue to accrue monthly on the tax and penalty until the balance is paid in full.

B. Whenever a check or electronic payment is submitted in payment of a cannabis business tax and the payment is subsequently returned unpaid by the bank for any reason, the taxpayer will be liable for the tax amount due plus any fees, penalties and interest as provided for in this section, and any other amount allowed under state law.

3.86.120 Refunds and credits.

A. No refund shall be made of any tax collected pursuant to this chapter, except as provided in Section 3.86.130.

B. No refund of any tax collected pursuant to this chapter shall be made because of the discontinuation, dissolution, or other termination of a business.

3.86.130 Refunds and procedures.

A. Whenever the amount of any cannabis business tax, penalty or interest has been overpaid, paid more than once, or has been erroneously collected or received by the city under this chapter, it may be refunded to the claimant who paid the tax provided that a written claim for refund is filed with the tax administrator within one (1) year of the date the tax was originally due and payable.

B. The tax administrator, his or her designee or any other city officer charged with the administration of this chapter shall have the right to examine and audit all the books and business records of the claimant in order to determine the eligibility of the claimant to the claimed refund. No claim for refund shall be allowed if the claimant refuses to allow such examination of claimant's books and business records after request by the tax administrator to do so.

C. In the event that the cannabis business tax was erroneously paid and the error is attributable to the city, the city shall refund the amount of tax erroneously paid up to one (1) year from when the error was identified.

3.86.140 Personal cultivation not taxed.

The provisions of this chapter shall not apply to personal cannabis cultivation, as defined in the Medicinal and Adult Use Cannabis Regulation and Safety Act. This chapter shall not apply to personal use of cannabis that is specifically exempted from state licensing requirements, that meets the definition of personal use or equivalent terminology under state law, and for which the individual receives no compensation whatsoever related to that personal use.

3.86.150 Administration of the tax.

A. It shall be the duty of the tax administrator to collect the taxes, penalties, fees, and perform the duties required by this chapter.

B. For purposes of administration and enforcement of this chapter generally, the tax administrator may from time to time promulgate such administrative interpretations, rules, and procedures consistent with the purpose, intent, and express terms of this chapter as he or she deems necessary to implement or clarify such provisions or aid in enforcement.

C. The tax administrator may take such administrative actions as needed to administer the tax, including, but not limited to:

1. Provide to all cannabis business taxpayers forms for the reporting of the tax;
2. Provide information to any taxpayer concerning the provisions of this chapter;
3. Receive and record all taxes remitted to the city as provided in this chapter;
4. Maintain records of taxpayer reports and taxes collected pursuant to this chapter;
5. Assess penalties and interest to taxpayers pursuant to this chapter;

6. Determine amounts owed and enforce collection pursuant to this chapter.

3.86.160 Appeal procedure.

Any taxpayer aggrieved by any decision of the tax administrator with respect to the amount of tax, interest, penalties and fees, if any, due under this chapter may appeal to the city manager by filing a notice of appeal with the city clerk within thirty (30) days of the serving or mailing of the determination of tax due. The city clerk, or his or her designee, shall fix a time and place for hearing such appeal, and the city clerk, or his or her designee, shall give notice in writing to such operator at the last known place of address. The finding of the city manager shall be final and conclusive and shall be served upon the appellant in the manner prescribed by this chapter for service of notice of hearing. Any amount found to be due shall be immediately due and payable upon the service of the notice.

3.86.170 Enforcement—action to collect.

Any taxes, penalties and/or fees required to be paid under the provisions of this chapter shall be deemed a debt owed to the city. Any person owing money to the city under the provisions of this chapter shall be liable in an action brought in the name of the city for the recovery of such debt. The provisions of this section shall not be deemed a limitation upon the right of the city to bring any other action including criminal, civil and equitable actions, based upon the failure to pay the tax, penalties and/or fees imposed by this chapter or the failure to comply with any of the provisions of this chapter.

3.86.180 Apportionment.

If a business subject to the tax is operating both within and outside the city, it is the intent of the city to apply the cannabis business tax so that the measure of the tax fairly reflects the proportion of the taxed activity actually carried on in the city. To the extent federal or state law requires that any tax due from any taxpayer be apportioned, the taxpayer may indicate said apportionment on his or her tax return. The tax administrator may promulgate administrative procedures for apportionment as he or she finds useful or necessary.

3.86.190 Constitutionality and legality.

This tax is intended to be applied in a manner consistent with the United States and California Constitutions and state law. None of the tax provided for by this chapter shall be applied in a manner that causes an undue burden upon interstate commerce, a violation of the equal protection or due process clauses of the United States or California Constitutions or a violation of any other provision of the California Constitution or state law. If a person believes that the tax, as applied to him or her, is impermissible under applicable law, he or she may request that the tax administrator release him or her from the obligation to pay the impermissible portion of the tax.

3.86.200 Audit and examination of premises and records.

A. For the purpose of ascertaining the amount of cannabis business tax owed or verifying any representations made by any taxpayer to the city in support of his or her tax calculation, the tax administrator shall have the power to inspect any location where a cannabis business is operating in the city and to audit and examine all books and records (including, but not limited to, bookkeeping records, state and federal income tax returns, and other records relating to the gross receipts of the business) of persons engaged in cannabis businesses. In conducting such investigation, the tax administrator shall have the power to inspect any equipment, such as computers or point of sale machines, that may contain such records.

B. It shall be the duty of every person liable for the collection and payment to the city of any tax imposed by this chapter to keep and preserve, for a period of at least three (3) years, all records as may be necessary to determine the amount of such tax as he or she may have been liable for the collection of and payment to the city, which records the tax administrator or his/her designee shall have the right to inspect at all reasonable times.

C. The cannabis business shall pay the actual costs of City's audit each year. The cannabis business shall deposit \$5,000 deposit by January 15 of each calendar year to pay for the cost of the yearly audit. If the cost of the audit exceeds \$5,000, the cannabis business shall be responsible for paying any amount in excess of the deposit. If the cost of the audit is less than \$5,000, the cannabis business shall be refunded the difference.

3.86.210 Other licenses, permits, taxes, fees or charges.

A. Nothing contained in this chapter shall be deemed to repeal, amend, be in lieu of, replace or in any way affect any requirements for any permit or license required by, under or by virtue of any provision of any other chapter of this code or any other ordinance or resolution of the city, nor be deemed to repeal, amend, be in lieu of, replace or in any way affect any tax, fee or other charge imposed, assessed or required by, under or by virtue of any other chapter of this code or any other ordinance or resolution of the city. Any references made or contained in any other chapter of this code to any licenses, license taxes, fees, or charges, or to any schedule of license fees, shall be deemed to refer to the licenses, license taxes, fees or charges, or schedule of license fees, provided for in other chapter of this code.

B. The tax administrator may revoke or refuse to renew the business registration required by Chapter 5.05 of this code for any business that is delinquent in the payment of any tax due pursuant to this chapter or that fails to make a deposit required by the tax administrator pursuant to Section 3.86.070.

3.86.220 Payment of tax does not authorize unlawful business.

A. The payment of a cannabis business tax required by this chapter and/or its acceptance by the city shall not entitle any person to carry on any cannabis business unless the person has complied with all of the requirements of applicable laws.

B. No tax paid under the provisions of this chapter shall be construed as authorizing the conduct or continuance of any illegal or unlawful business and/or any business in violation of applicable laws.

3.86.230 Deficiency determinations.

If the tax administrator is not satisfied that any statement filed as required under the provisions of this chapter is correct, or that the amount of tax is correctly computed, he or she may compute and determine the amount to be paid and make a deficiency determination upon the basis of the facts contained in the statement or upon the basis of any information in his or her possession or that may come into his or her possession within three (3) years of the date the tax was originally due and payable. One or more deficiency determinations of the amount of tax due for a period or periods may be made. When a person discontinues engaging in a business, a deficiency determination may be made at any time within three (3) years thereafter as to any liability arising from engaging in such business whether or not a deficiency determination is issued prior to the date the tax would otherwise be due. Whenever a deficiency determination is made, a notice shall be given to the person concerned in the same manner as notices of assessment are given under Section 3.86.250.

3.86.240 Failure to report—Nonpayment, fraud.

A. Under any of the following circumstances, the tax administrator may make and give notice of an assessment of the amount of tax owed by a person under this chapter at any time:

1. If the person has not filed a complete statement required under the provisions of this chapter;

2. If the person has not paid the tax due under the provisions of this chapter;

3. If the person has not, after demand by the tax administrator, filed a corrected statement, or furnished to the tax administrator adequate substantiation of the information contained in a statement already filed, or paid any additional amount of tax due under the provisions of this chapter; or

4. If the tax administrator determines that the nonpayment of any business tax due under this chapter is due to fraud, a penalty of twenty-five percent (25%) of the amount of the tax shall be added thereto in addition to penalties and interest otherwise stated in this chapter and any other penalties allowed by law.

B. The notice of assessment shall separately set forth the amount of any tax known by the tax administrator to be due or estimated by the tax administrator, after consideration of all information within the tax administrator's knowledge concerning the business and activities of the person assessed, to be due under each applicable section of this chapter, and shall include the amount of any penalties or interest accrued on each amount to the date of the notice of assessment.

3.86.250 Tax assessment—Notice requirements.

The notice of assessment shall be served upon the person either by personal delivery, or by a deposit of the notice in the United States mail, postage prepaid thereon, addressed to the person at the address of the location of the business or to such other address as he or she shall register with the tax administrator for the purpose of receiving notices provided under this chapter; or, should the person have no address registered with the tax administrator for such purpose, then to such person's last known address. For the purposes of this section, a service by mail is complete at the time of deposit in the United States mail.

3.86.260 Tax assessment—Hearing, application and determination.

Within thirty (30) days after the date of service the person may apply in writing to the tax administrator for a hearing on the assessment. If application for a hearing before the city is not made within the time herein prescribed, the tax assessed by the tax administrator shall become final and conclusive. Within thirty (30) days of the receipt of any such application for hearing, the tax administrator shall cause the matter to be set for hearing before him or her no later than thirty (30) days after the receipt of the application, unless a later date is agreed to by the tax administrator and the person requesting the hearing. Notice of such hearing shall be given by the tax administrator to the person requesting such hearing not later than five (5) days prior to such hearing. At such hearing said applicant may appear and offer evidence why the assessment as made by the tax administrator should not be confirmed and fixed as the tax due. After such hearing the tax administrator shall determine and reassess the proper tax to be charged and shall give written notice to the person in the manner prescribed in Section 3.86.250 for giving notice of assessment.

3.86.270 Conviction for violation—Taxes not waived.

The conviction and punishment of any person for failure to pay the required tax shall not excuse or exempt such person from any civil action for the tax debt unpaid at the time of such conviction. No civil action shall prevent a criminal prosecution for any violation of the provisions of this chapter or of any state law requiring the payment of all taxes.

3.86.280 Violation deemed misdemeanor.

Any person violating any of the provisions of this chapter is deemed guilty of a misdemeanor.

3.86.290 Severability.

If any provision of this chapter, or its application to any person or circumstance, is determined by a court of competent jurisdiction to be unlawful, unenforceable or otherwise void, that determination shall have no effect on any other provision of this chapter or the application of this chapter to any other person or circumstance and, to that end, the provisions hereof are severable.

3.86.300 Remedies cumulative.

All remedies and penalties prescribed by this chapter or which are available under any other provision of the Jurupa Valley Municipal Code and any other provision of law or equity are cumulative. The use of one or more remedies by the city shall not bar the use of any other remedy for the purpose of enforcing the provisions of this chapter.

SECTION 3. Effective Date. This Ordinance shall be considered as adopted upon the date the vote is declared by the legislative body, and shall go into effect November 4, 2020.

SECTION 4. Certification. The City Clerk shall certify to the passage and adoption of this Ordinance and shall cause this Ordinance to be published in accordance with the law.

PASSED AND ADOPTED by the People of the City of Jurupa Valley, State of California, at the General Municipal Election held on November 3, 2020.