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Agenda

City Council

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Housing Authority

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City Hall-Council Chamber

915 I Street, 1st Floor

**Published by the Office of the City Clerk
(916) 808-5163**

SUPPLEMENTAL MATERIAL

For the Meeting of: February 2, 2016

Item Number: Item 17

Title: **(Pass for Publication) Ordinance for Sacramento Children's Fund Ballot Initiative**

Contact Information: Councilmember Jay Schenirer, District 5, (916) 808-7005

Description of Change: The attached Ordinance was not available at the time of publishing.

ORDINANCE NO. 2016-xxx

Adopted by the Sacramento City Council

February __, 2016

AN ORDINANCE ADDING CHAPTER 3.50 TO THE SACRAMENTO CITY CODE RELATING TO THE CREATION OF A CHILDREN’S FUND; AND AMENDING SECTION 3.08.205 OF, AND ADDING SECTION 3.08.208 TO, THE SACRAMENTO CITY CODE RELATING TO MARIJUANA BUSINESS OPERATIONS TAXES

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1

The City of Sacramento has an at-risk child and youth population. The poverty rate for children under 18 is 29%, compared to 24% for the County of Sacramento. In fiscal year 2014-15, the City spent less than one percent of the General Fund on children and youth services in efforts to address the needs of its younger residents. The City’s current resources are inadequate to meet the needs of its children and youth.

SECTION 2

Chapter 3.50 is added to the Sacramento City Code to read as follows:

Chapter 3.50 CHILDREN’S FUND

3.50.010 Children’s fund established.

There is established a special fund of the city to be known as the children’s fund. All monies received pursuant to section 3.08.208 shall be deposited into the children’s fund. The children’s fund may also receive monies from other sources.

3.50.020 Purposes and limitations.

A. Monies deposited into the children’s fund may be used for:

1. Services for children and youth, ages 0-24, including foster and homeless youth, which services promote the positive development of children and youth in their education, career, and life;
2. Technical assistance and capacity-building for children and youth service providers that receive monies from the children’s fund;
3. City expenses related to the administration of the children’s fund. No more than 10% of the annual deposits may be used for this purpose; and

4. Evaluation of the services funded by subsection A.1. No more than 5% of the annual deposits may be used for this purpose.

B. The following entities are eligible to receive funding pursuant to subsections A.1 and A.2:

1. City departments that provide services for children and youth; and

2. Tax-exempt organizations under United States Internal Revenue Code section 501(c)(3) that provide services to children and youth. These tax-exempt organizations shall receive at least 70% of the monies remaining after the appropriations under subsections A.3 and A.4.

3.50.030 Administration.

The city manager shall administer the children's fund consistent with this chapter and prescribe procedures for that purpose, subject to city council approval. The city shall appropriate monies from the children's fund according to its established planning and budget processes.

3.50.040 Annual evaluation.

Commencing on January 1, 2018, and annually thereafter, the city manager shall report to the city council on the status of activities undertaken with the children's fund. The city manager shall ensure services paid for by the children's fund are evaluated on a regular basis.

3.50.050 Non-replacement of existing city funding.

Monies from the children's fund shall not replace monies from the city's general fund allocated for children and youth services as of January 1, 2017, with the exception of monies required to match external program funding that was reduced or eliminated. Prior to March 1, 2017, the city manager shall perform a study to determine the amount of monies allocated children and youth services. In any year, the city's general fund contribution to children and youth services shall not be reduced more than the same percentage of reduction that is imposed on the city's net general fund budget for non-safety departments (which are all operating departments except police and fire).

3.50.060 Oversight committee.

Before January 1, 2017, the city council shall, by resolution, establish an oversight committee to review the revenue and expenditure of monies from the children’s fund. The committee members’ terms, qualifications, and duties, and the committee’s scope of authority, shall be established by the resolution.

SECTION 3

Section 3.08.205 of the Sacramento City Code is amended to read as follows:

3.08.205 Marijuana businesses.

A. Every person engaged in a marijuana business shall pay an annual business operations tax as follows:

1. On and after July 1, 2011, four percent of each dollar of gross receipts for the reporting period.
2. Notwithstanding the tax rate imposed in subsection ~~(A.)(1)~~, the city council may, in its discretion, at any time by resolution implement any lower tax rate it deems appropriate, and may by resolution increase such tax rate from time to time, not to exceed the maximum rate established under subsection ~~(A.)(1)~~.

B. For purposes of this section, the following terms have the following meanings:

“Gross receipts” has the meaning as defined in ~~S~~section 3.08.020, as it pertains to the marijuana business’ reporting period, and includes receipts from the sale of marijuana and from the sale of paraphernalia used for consuming marijuana and any other products, goods, or services sold or provided by the marijuana business.

“Marijuana” ~~or “Cannabis”~~ has the same meaning as “cannabis” as defined in California Health and Safety Code Section 11018 California Business and Professions Code section 19300.5.

“Marijuana business” means a business activity including, but not limited to, ~~planting, cultivation, harvesting,~~ transporting, ~~manufacturing, compounding, converting, processing, preparing,~~ storing, packaging, providing, or selling wholesale and/or retail sales of marijuana. A marijuana business includes any facility, building, structure or location, whether fixed, mobile, permanent, or temporary, where marijuana is made available, sold, given, distributed, or otherwise provided in accordance with California Health and Safety Code Ssection 11362.5 and Aarticle 2.5 of Echapter 6 of Ddivision 10 of the California Health and Safety Code (Health and Safety Code commencing with

~~Section~~ 11362.7—~~et seq.~~). A marijuana business includes medical marijuana “cooperatives” and “collectives” that are established as not for profit businesses.

“Reporting period” means a year, quarter, or calendar month, as determined by the administrator.

C. The provisions of Section 3.08.210 do not apply to any marijuana business. Every marijuana business not having a fixed place of business within the city that engages in business within the city shall pay a business operations tax calculated pursuant to subsection A.1.

SECTION 4

Section 3.08.208 is added to the Sacramento City Code to read as follows:

3.08.208 Marijuana cultivation and manufacturing businesses—Children’s fund.

A. Every person engaged in a marijuana cultivation business or a marijuana manufacturing business shall pay an annual business operations tax as follows:

1. On and after January 1, 2017, five percent of each dollar of gross receipts for the reporting period, with all revenue deposited into the children’s fund established in chapter 3.50.

2. Notwithstanding the tax rate imposed in subsection A.1, the city council may, in its discretion, at any time by resolution implement any lower tax rate it deems appropriate, and may by resolution increase such tax rate from time to time, not to exceed the maximum rate established under subsection A.1.

B. For purposes of this section, the following terms have the following meanings:

“Gross receipts” has the meaning as defined in section 3.08.020, as it pertains to the business’ reporting period, and includes receipts from the sale or transfer of marijuana, and from any other products, goods, or services sold or provided by the marijuana cultivation business or marijuana manufacturing business.

“Marijuana” has the same meaning as “cannabis” as defined in California Business and Professions Code section 19300.5.

“Marijuana cultivation business” means a business involving the planting, growing, harvesting, drying, curing, grading, or trimming of marijuana. A marijuana cultivation business is not involved in the transportation, distribution, testing, dispensing, or delivery of marijuana. “Marijuana cultivation business” includes businesses that

cultivate marijuana to be used for medical and nonmedical purposes, and includes “cooperatives” and “collectives” that are established as not-for-profit businesses and for-profit businesses.

“Marijuana manufacturing business” means a business involving the producing, preparing, propagating, or compounding of manufactured marijuana, either directly or indirectly, or by extraction methods, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis. A marijuana manufacturing business is not involved in the transportation, distribution, testing, dispensing, or delivery of marijuana. “Marijuana manufacturing business” includes businesses that manufacture marijuana to be used for medical and nonmedical purposes, and includes “cooperatives” and “collectives” that are established as not-for-profit businesses and for-profit businesses.

“Reporting period” means a year, quarter, or calendar month, as determined by the administrator.

C. The provisions of section 3.08.210 do not apply to any marijuana cultivation business or marijuana manufacturing business. Every marijuana cultivation business or marijuana manufacturing business not having a fixed place of business within the city that engages in business within the city shall pay a business operations tax calculated pursuant to subsection A.1.

SECTION 5

This ordinance shall take effect on January 1, 2017, but only if approved by two-thirds of the voters of the City of Sacramento voting in an election held before July 1, 2016.

SECTION 6

Adoption of this ordinance does not affect any administrative or civil prosecutions or proceedings brought or to be brought to enforce the provisions of Sacramento City Code chapter 3.08 as they existed prior to the effective date of this ordinance. The provisions of chapter 3.08, as they exist prior to the effective date of this ordinance, shall continue to be operative and effective with regard to any obligations or acts occurring prior to the effective date of this ordinance.

Adopted by the City of Sacramento City Council on _____ by the following vote:

Ayes:

Noes:

Ordinance No.

Adopted on

Abstain:

Absent:

MAYOR

Attest:

City Clerk

Passed for Publication:

Published:

Effective:

Ordinance No.

Adopted on