



COUNTY AUDITOR-CONTROLLER'S FISCAL IMPACT STATEMENT OF MEASURE L

The Butte County Auditor-Controller has prepared the following fiscal impact analysis of Measure "L" (Medical Cannabis Cultivation and Commerce) pursuant to Election Code Section 9160. This analysis of the resulting costs and revenues of the proposed measure is based on projected requirements to fulfill the intent of the measure.

Fiscal Impact:

The fiscal impact of this measure on county government and on individuals is largely unknown, but can be projected from the following perspectives, should the ordinance pass:

First, various permit types for commercial medical cannabis activities would be established by the proposed ordinance. Revenues from fees related to the implementation of the proposed ordinance would be generated for the County. The application and permit fees would be determined based upon a cost recovery model to cover the costs of processing applications and issuing permits. For example, Conditional Use Permit application filing fees are \$6,163.69 or more, depending on processing time. A Zoning Clearance for permitted uses is charged a minimum fee of \$81.50 for half-hour reviews plus hourly rate. Estimation of exactly how many and what types of permits would be issued due to the proposed ordinance, is unknown at this time. Although the goal for fees is to cover costs, actual costs would be higher than the potential fees collected. Additionally, applications received within 12 months of the proposed ordinance passing would receive a reduction in fees, which may also result in fees not covering the full costs.

Second, commercial uses are subject to county development Impact Fees; therefore, Impact Fees revenue would increase with more applications for development. The county Impact Fees for low intensity uses are the greater of \$0.55 per square foot or \$1,130 per acre. Other non-residential uses range from \$1.30 to \$2.15 per square foot. Commercial uses in the Chico Urban Area can be up to \$17.25 per square foot. The total increase of revenues from Impact Fees is unknown.

Third, Chapter 34A of the Butte County Code is currently enforced by Butte County Department of Development Services Code Enforcement Division. The costs to enforce Section 24-166 of the Butte County Zoning Ordinance, as amended by the proposed ordinance, would be directly related to the number of properties reported in violation of provisions of the ordinance. Additional demands for code enforcement activities would be expected because additional uses allowed under the proposed ordinance would increase public inquiries and complaints to code enforcement. It is estimated by County Department of Development Services that increased costs may range from \$80,000 to \$160,000 per year for additional code enforcement staff.

Measure L does not include any local tax provision; however, the County may impose a tax on the privilege of cultivating, dispensing, producing, processing, preparing, storing, providing, donating, selling, or distributing medical cannabis or medical cannabis products by a licensee, pursuant to Business and Professions Code Chapter 3.5 Section 19348. Such tax shall be subjected to voter approval.

/s/ David A. Houser, Butte County Auditor-Controller